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JPRS-EER-87-019

10 FEBRUARY 1987

East Europe Report

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EAST EUROPE REPORT

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RESULTS OF AGRICULTURAL INVESTMENTS REVIEWED

Tirane BASHKIMI in Albanian 17 Oct 85 pp 2, 3

[Article by Hysen Xhamallati, Deputy Minister of Agriculture: "From One Five-Year Plan to Another - Important Investments which Directly Support Agricultural Development"]

[Text] At every stage of socialist construction in our country, the party has devoted careful attention to the development of agriculture as a basic branch of our people's economy. Living proof of this careful attention is the tremendous transformation that has overtaken our soil. At one time swamps and scrub land, today organized and terraced fields reaching down to the sea with citrus fruit and other fruit trees. They are the agricultural citadels which were raised on what used to be swampy and salty lands, where today wheat, corn, industrial plants and different vegetables are grown, created by all that "heavy artillery" of mechanization which is found in all areas of our country where there is sowing and harvesting. These are successes that were achieved in the all-out development of our agriculture during the years of the peoples government under the leadership of the party where the selfless work of our cooperative workers, cadres, specialists and of all the other workers in this sector has been embodied.

Our agriculture has been successful from one five-year period to the next and is indisputable proof of the correct policy of our party and our unforgettable leader Comrade Enver Hoxha, and of the superiority of the cooperative system in our country, where fundamental transformations have taken place in the agrarian field and in agricultural production. The Seventh Five-Year Plan showed even greater results in this vital sector of our economy. In comparison with the Sixth Five-Year Plan overall agricultural production rose by 13.4 percent. This increase was the result of development in all branches of agriculture and of the emphasis placed on increasing the production of bread grains. In the last Five Year-Plan the highest yields were of wheat and cotton and there was an increase in other products.

The state has made large and increasing investments in each succeeding five-year plan to develop agriculture and livestock farming on a scientific basis and make it less dependent on weather conditions. The government has provided large and increasing investments to prepare a great army of

cadres and specialists, and to establish institutions for science and research to support production increases. In the course of the Seventh Five-Year Plan investments in this area made up 31 percent of total investments, or 32 percent more than the investments made in the Sixth Five-Year Plan. While distributing investment funds we have constantly kept in mind the development of all branches in all the different areas of the country. Most of the investments made during the past five years were concentrated on the land, on irrigation and the reclamation and expansion of swamp lands; to improve physical and chemical conditions, to systematically raise production yields, to plant large areas with fruit trees, to increase the efficiency of grazing lands and for the construction of livestock projects, etc.

It is not just by chance that our agriculture has had successful increases in production year after year, from one five year plan to another. Comrade Ramiz Alia stressed: at a meeting with Korce District workers "Our land today feeds not one million people, the number that existed before the liberation, but three million people and provides the food industry and light industry with raw materials." Our agriculture experienced this great and powerful transformation during the years of the people's government, at a time when the party became responsible for the fate of our people and our land. Eyes are no longer turned towards the sky hoping for rain; there are no longer lands that are watered by water carried across "shoulders." The huge investments that were made and are being made for irrigation and the reclamation of land have created new and important prospects for the intensive development of agriculture on fields, hills and the mountains in our country. With the construction of scores of water projects during the past five year plan, irrigation projects in our country cover 57 percent of our arable land.

If we look at our irrigation charts, including those of the past five years, it would be hard to find a region or a district without a water cistern, without drainage ditches, without electrical pumping plants, etc. Thus, during the Seventh Five-Year Plan, more than 70 projects of this kind were added, which increased the area of land with available water to 40,000 hectares and provided drainage and irrigation on an additional 18,000 hectares. Many of these projects were completed ahead of time. Planners, builders, as well as all agricultural workers in the districts confronted this huge amount of work with action. Therefore, these projects were able to influence agricultural and livestock production positively, which is also becoming evident in the good results which are being achieved this year in many districts. The previous five-year period brought great changes in the reclamation and irrigation of lands, from the coastal areas and up through the deep mountain regions of every district; from the construction of cisterns to increasing the efficiency of water pumping stations, from increasing the capacity of existing water storage tanks to the reclamation of very difficult areas, and finally from the construction of electrical power stations to the achievement of the capability of watering large areas of citrus fruits and olive trees all at once. Because of more efficient, scientific handling of livestock during the Seventh Five-Year Plan, there were noticeable increases in the

number of cattle, in cattle products and in the variety of cattle breeds. More assets than ever before were invested in constructions for livestock and dairy farming. These were mainly concentrated in former reclaimed swampy and salty lands, such as those of the Adriatic swamp in Kruje, the Velipoje in Shkoder, the Remas in Lushnje, the Spitalle in Durres, the Hoxhare in Fier, and others. The use of these lands for livestock farming has revitalized the soil and has helped to improve their utilization. During the past five years alone, several enterprises were constructed and started producing enriched cattle feed in the districts of Fier, Lushnje, Shkoder, Durres, Druje and Elbasan units capable of feeding 2000 to 4000 head of cattle. Hog complexes in the districts of Kruje, Lushnje, Vlore and Tirana, as well as the hog station in Zhafzotaj in Durres are capable of producing 500 to 1100 tons of pork a year. Important expansions in poultry farming have provided some large cities with more poultry.

Additional investments were made to improve the maintenance of stockyard holdings in the districts of Kukës, Lushnje, Berat, Fier, Korce, Durres, Shkoder, Lezhe, Tropoje and Vlore, where 300 to 1200 heifers are kept and supply the agricultural economy. Investments were also made for the maintenance of calf stalls in the Lezhe enterprise. To improve cattle feeding, feed enterprises were constructed by our own efforts in the districts of Vlore, Lushnje, Kruje, Fier, Tirana, Durres, Elbasan, Berat and other areas. A facility for the baling of straw has also been set up. Thousands of village and city educated young men and women as well as dozens of cadres and specialists work in these livestock farming centers, who with their work and production achievements have helped to improve the supply of food to the people.

In the area of fruit-growing in addition to correcting deficiencies and increasing fruit yields, considerable investments were made to create new areas of fruit trees, clusters and groves near cities. During the Seventh Five-Year Plan Block No. 2 of the agricultural enterprise in Lukovë was completed by the addition of vineyards, citrus and, olive trees and other fruit trees; the fruit groves in Tirana, Rrogazhine-Durres and the agricultural enterprises in Burrel were also completed. The planting of clusters of fruit and olive trees in Oblike in Shkoder, in the vineyards in the agricultural enterprise in Mamurras, in the fruit tree area in the agricultural enterprise in Cerrik and in the "Vlore" agricultural enterprise in Drashovice and, the blocks of fruit tree clusters in Mallakaster, etc. continues. Likewise, to increase vegetable yields and their availability, out of season 95 hectares of solar heated greenhouses were built in the districts of Tirana, Vlore, Fier, Durres and Berat. Because of the expansion of the areas planted to tobacco, and to keep up with its production, 850 warehouses and sheds, and 90 hectares of greenhouses for drying tobacco were constructed in 13 districts.

All this construction and these projects, all in one five-year plan, are a great investment in the future and will support the direct development

of our agriculture and make it always less and less dependent on weather conditions. However, workers in agriculture are faced with very important tasks. The party is asking them for more effective investment returns, for timely and quick fulfillment of obligations, and for the maximal utilization of investments to reduce production costs. Reserves in this area are still very great and must be better utilized during the Eighth Five-Year Plan as defined in the Ninth Party Congress.

6160/9190

CSO: 2100/13

FOOD PRODUCTS DEMAND FORECAST THROUGH 2000

Warsaw WIES WSPOLCZESNA in Polish No 7, Jul 86 pp 67-70

[Article by Wanda Sztarballo and Krystyna Predecka: "A Model of Foodstuffs Consumption and Demand for Agricultural Products in 2000"]

[Text] The decline in foodstuffs in the years 1981-1985 showed quite clearly the problems associated with the nourishment of society. Even if the situation with foodstuffs is slowly improving, the achievement by certain foodstuff groups of the 1980 food production level (the best year since the war) is running into a series of definite difficulties. How are we to survive in the upcoming years? What and how much should Polish agriculture produce in order to ensure society the correct and most efficient level of nourishment?

By efficient we mean the so-called new model of foodstuffs which was worked out by the Council of Foodstuff Management in 1983. The model sets out what the average consumption of food by one individual is and, as a minimum and maximum, shows that amount regarded as ensuring the individual's normal psychological and physical needs. The model indicates the corresponding level of the main food products (in kilograms and for one person in a year: meat and its products - 60-70, fish and its products - 9-10, milk and dairy products - 260-280, eggs (each) - 200-210, edible fats - 23-22 (including animal) - 6-5, greens - 9-11, butter - 8-6, grain products 130-120, potatoes - 160-140, vegetables and their products - 110-130, fruit and fruit products - 50-60, dry starches - 3-3, and sugar and its products - 40-39.

The current model provides for the food requirements for one day per person; it also ensures an energy level of 3480-3450 KCAL (14.6-14.4 MJ), an overall protein level of 93-96 grams (including 53-58 percent of animal protein), fats - 122-120 grams, and carbohydrates - 507-492 grams.

We can conclude that the more expensive level of consumption in the model is realistic and can be achieved by 2000. This has been confirmed by recently observed trends in the growth of crop and animal production, as well as by investments envisioned for agriculture to 1995.

What then will be the requirements for raw agricultural materials which will ensure the realization of the foodstuffs presented in the model (the more expensive ones)? We will try to answer this question by assuming that Poland will be a self-sufficient producer of food in the near future. In determining the necessary production levels of crops and animals, we will utilize the

method of balances which indicates the input and the trends of output for the basic agricultural materials.

The projected production of crops and animals (together with imports) in 2000 should be (in thousands of tons):

Crop Production:

Grain	30,000
Potatoes	46,000
Sugar beets	17,100
Plant oils	2,056
Fruit	3,300
Vegetables	6,000
(Edible) Starches	123

Animal Production:

Beef	5,250
Milk	17,900
Eggs	9,150
Fish	315.2 - 349.6

Following are some of the most important assumptions made in working out the above balances:

In looking at grain requirements (estimated at 30 million tons) 7 million tons will be necessary for human consumption, 20 million tons for grazing and 1.5 million tons for sowing. This means that we will have to increase in the next 15 years grain production by around 6-7 million tons annually in relation to the average production of the 1980-1985 period. We have to indicate, however, that in 2000, 30 million tons of grain will be enough for us only on condition that agriculture has a considerably greater amount of protein fodder concentrates than currently available. Poland has to acquire in the next 15 years, either through domestic production or through purchases in exchange for agricultural food products, an additional 0.8-1.0 million tons of protein for animal husbandry and poultry, and for maintaining proper levels for cattle breeding and fattening for export. Without additional protein, it would be necessary by 2000 to produce 4-5 million tons of grain a year more; that is, 34-35 million tons overall.

For the 2 million tons of sugar needed for domestic consumption (the market and the processing industry), the production of sugar beets should amount to 17.1 million tons with a sugar content of 12 percent. This figure may have to be modified if we plant beets with a higher sugar content, but low starch content. The export of 300,000 tons of sugar is the result of long-term contracts. Sugar beets should be cultivated not only for sugar, but also for cattle. Ideally, we are looking at 100-200 thousand hectares of sugar beets for feed. However, planting 500-600 thousand hectares of beets for sugar and 100-200 thousand hectares for feed should be the target we strive for.

With regard to potatoes, the key will be those potatoes earmarked for feed - 55.4 percent. Human consumption of potatoes will account for 12.4 percent, and exports - 1.2 million tons. Potato production has been declining now for many years; the scale of their cultivation is also declining. In 1984 the potato harvest did not reach the levels of the 1976-1980 period. The main reason for this crisis are the viral diseases and the shortage of means and assets to protect the plant.

Potatoes have been the traditional feed for energy in animal husbandry. Their cultivation is difficult and so is their storage. Additionally, potatoes are an indispensable feed component only when used with protein concentrate. Therefore, we should not be looking at an increase in potato cultivation, but should plan for its reduction. Here, an increase in yield by at least 2-4 percent annually is necessary. Potato harvests in 2000 are still being planned around this figure.

Foreseeable requirements for oil crops can still be regarded as lacking. Turnip production in Poland is supposed to undergo important changes. High quality turnip production is to undergo gradual changes which will leave the turnips twice as good as before. Low quality turnips are, however, characterized by low fertility and require very rich soil for growth; they also produce low yields of oil. The expansion of low quality turnip cultivation for food and high quality turnip cultivation for other agricultural products can change fundamentally the proportions for meeting the requirements for oil crops, including those to be imported. In forecasting turnip cultivation we should consider that under our conditions it performs the following functions:

- provides plant oil for food;
- is a source of protein concentrate for feed;
- is an important ingredient in chemical production.

Food exports, currently set at 5,250 thousand tons, include approximately 300,000 tons of meat (presupposing that we will no longer be required to import meat for ourselves). According to the model, meat, poultry and fats will provide approximately 75 kilograms per person, per year in 2000. This will be the same amount as was enjoyed before the crisis. As far as the requirements for nourishing an individual, such a level of meats (together with fish, milk and eggs) will provide sufficient amounts of protein to meet average nutritional needs. It is envisioned that in 2000 the global production of milk will reach approximately 18 billion liters, of which 17 billion liters will be earmarked for human consumption and 1 billion liters for calf and piglet care. Of the total production of milk, a considerable portion thereof will still go to butter. Thus, a great amount of skim milk will still be produced; it will and should be used in the production of cheeses, milk drinks, etc. The prognosis for the production and distribution of milk in 2000 were compiled according to the traditional principles of milk and dairy product management.... According to these principles, milk, with a reduced fat content of 2 percent, is earmarked as food for people, butter products with a milk content, cheese (both with and without fat), and products which use milk casein.

The prognosis for fish production and consumption is considerably important. Thus, prognosis was worked out by the Maritime Administration Agency. The agency envisions supplying the public with 7.7-8.1 kilograms of fish per individual, i.e., 1.5-2.3 kilograms less than in the model.

A sensible level of food consumption does not always correspond to the preferences of the consumers. The experiences of the recent past bear this out. Because of this, determining the demands for food in 2000 will be important, especially when we consider the assumed tempo in the increases in people's incomes as the basic factor influencing the level and structure of food concerns. We will use here mathematics and statistics for our calculation; these sciences have as their basis Engel's laws which characterize the correlation between the growth in food availability and individual income. The adoption of a variable growth in the rate of increase in individual incomes to 2000 (as an individual food fund of sorts) permitted the acquisition of several variants in the prognosis of foodstuff levels in 2000. In the years 1961-1983, the average rate of growth of foodstuff levels increased overall by 4.5 percent, or 3.2 percent per individual. Relying upon our research, we can conclude that the average annual increase in individual levels of consumption in the years 1986-2000 will amount to 2.0-2.6 percent. Differences in the assumed indicators of the rate of increase in individual foodstuff levels, which in foodstuff prognosis is the basic expandable variable, create the arena in which foods in 2000 can be produced. We have to emphasize, however, that in the event the growth rates are higher than assumed, the defined tempo of growth of foodstuffs may also be higher.

The envisioned demand for food in 2000 amounts to (in kilograms):

Meat and its products	79.0
Eggs (each)	228.0
Fish	8.2
Milk and dairy products	270.9
Butter	8.0
Plant fats	8.4
Animal fats	6.0
Grain products	121.0
Potatoes	158.0
Fruits	45.4
Vegetables	130.0
Sugar	40.0

The amount of food calculated from the new model of the Council of Foodstuff Management differs fundamentally from the demands for food envisioned on the basis of growth rates in personal incomes. The realization of these demands, particularly those in the case of items which have animal protein as a source of energy, is not realistic from the perspective of material assets.

In this situation, in order to consider the laws of science on the nourishment of people (the model) and to satisfy consumer preferences (envisioned demands), measures would have to be undertaken aimed at introducing a sensible structure of consumption by actively educating the consumer; we would also have to actively search for opportunities to increase domestic agricultural production,

something which would allow for an increase in foodstuffs and their overall nourishing qualities. Even the most efficient model, ensuring complete nutritional and energy values, has to be socially acceptable. This acceptance can be gained by utilizing economic or supraeconomic instruments, the former being far more effective than the latter. We have to look for solutions which can compromise between efficiency in the food sector, and the economic realities, habits and traditions in the food sector.

12247/12859

CSO: 2600/29

SUMMARY REPORT ON 1986 HARVEST, FALL FIELD WORK

Warsaw ZYCIE WARSZAWY in Polish 10 Oct 86 p 1

[Article by (mp.): "In the Fields and at the Purchasing Points"]

[Text] In the Fields and at Purchasing Centers Most of the Grain Sown--
Potato Harvest Is Finishing Up--More Wheat, Less Rye--Half a Million Tons of
Apples

In the fields, the fall work is nearing its end day-by-day. Grain has been sown already on nearly 90 percent of the fields. It is envisioned that the winter crop will cover approximately 5 million hectares. Few potatoes remain in the fields. Only about 300,000 hectares of potatoes need to be harvested yet. The harvesting of sugar beets will last longer. Only one-fourth of the sugar beet area has been harvested, but the tempo of harvesting is dictated by the sugar beet processors. The longer the beets stay in the sun, the more sugar they have at harvest.

Every day now approximately 40,000 tons of potatoes are delivered to the purchasing points. Gmina cooperatives have purchased about 350,000 tons from the farms and almost everything has already gone to the consumers. The warehouse supplies of the crops are not large. But this does not mean that there are no problems. Again people are resigned with purchases agreed to earlier. Buyers change their minds. Exports, although the agreements are signed and the potatoes ready, are moving sluggishly. Simply put, there are no buyers abroad and no one knows where to send the potatoes.

In the grain warehouses, there is almost no movement. Every day 2-3 tons of grain are purchased. But that is no great deal. Farmers have sold something like more than 4.5 million tons. Four provinces have fulfilled the purchase plan. Opole even exceeded the plan by 2 percent. The farmers there delivered 294,000 tons of grain to the warehouses. In Olsztyn, purchases amounted to approximately 270,000 tons, in Elblag, 183,000 tons.

In the course of the last year, great changes have occurred in the purchase structure. For the first time in many years, the amount of sold rye (1.4 million tons) is smaller than the amount of delivered wheat (2.1 million tons). Eight hundred thousand more tons of barley were sold than in 1985. On the other hand, the amount of oats delivered declined this year to 173,000 tons.

Last year, there were 20,000 tons more. The purchases so far are about several hundred thousand tons more than they were last year at this time. For the first time, a significant amount of wheat of higher baking quality was purchased. Almost 275,000 tons have been purchased. PZZ statistics also include a new crop: wheat-rye. Its deliveries are still minimal and amount to around 8,000 tons. Next year, when the area cultivated with this crop exceeds 200 hectares, the amount will be significantly greater.

There are already reports on buckwheat and millet. The latter has not been popular in recent years and its purchases have totaled 244,000 tons. The year was good for millet, however, and farmers sold twice as much as in 1985. Lovers of millet porridge will not go without. Those, however, who like buckwheat porridge will not have it so easy. Current purchases are about 2,000 tons less than in 1985, or about 4,000 tons.

On the other hand, there is a great deal of activity at the warehouses to which truckgardeners deliver their products. More than 10,000 tons of apples are being delivered daily. Most of the apples will go to processing plants. Since the beginning of the season, truckgardeners have sold half a million tons of apples. This is not much less than in the record year of 1982. Purchases of cauliflower and onions are running well: Purchases of cabbage are at the 1985 level. Other vegetable purchases are more or less the same as in 1985. It was also a good year for cultivated tomatoes. Up to now, 205,000 tons have been purchased from truckgardeners. This is a great deal, but not at all large when, in some years, more than 240,000 tons are bought. These were not great amounts and there were problems, inasmuch as the tomatoes were quickly sold. On the other hand, cucumbers, as last year, were disappointing. Only a few more made it to the purchasing points than in 1985. Powdery mildews were about the same as last year.

12247/12232

CSO: 2600/168

NEW EXTENSION SERVICE REVIEWED AFTER FIRST YEAR

Warsaw RZECPOSPOLITA in Polish 20 Oct 86 p 5

[Article by (Hare): "Progress in the Hands of the Leading Farmers"]

[Text] A year ago the institution of the public agronomist was born in the organization of agricultural circles. It was one of the innovations tying the organization of agricultural circles to advisory and agricultural education positions. Currently, there are more than 8,000 public agronomists active nationwide. They perform the role of advocate for agricultural producers in talks with agricultural advisory services and assist in the development of annual dissemination-application plans, the propagation of biological and technical advances, and the popularization of new methods of technical production. The identification of farms for application measures and the localization of agricultural know-how. A public agronomist can be any farmer who works an exemplary farm, has the ability to pass his knowledge to others, and enjoys above all the recognition of the members of the agricultural circle.

It is difficult after only a year to try to evaluate the actions of the public agronomists, inasmuch as the results of their activities in agriculture (and especially in education) cannot be identified until several years have passed. We have to emphasize, however, that many public agronomists take their work very seriously. They have begun research in the utilization of clay soils, introduced new technology in grain cultivation, set up experimental and specialized plots, and organized training for the protection of crops. They also participate in commissions which divide up farm equipment. Bialystok, Jelena Gora, Szczecin, Torun, Kalisz, and Zamorze Provinces have seen the greatest interest in their work by the public agronomists.

At a meeting at the headquarters of the National Farmers' Union, in which the Farmers' Agricultural Circles and Organization participated, all the public agronomists unanimously emphasized that their activities would largely be responsible for the effective elimination of the problems facing individual farms. This effectiveness will be that much greater depending on the closest cooperation with advisory services. People also were satisfied with the agreement concluded between provincial centers for agricultural progress and the farmers' circles which are also supposed to consider how the most recent achievements in science and agricultural technology can influence farms and methods. They are talking here about audio visual aids and computers providing information.

The agronomists stressed that the success of their work and the agricultural advisory services depended, to an extent, on providing agriculture with the means of production: such shortages hinder the introduction of many new changes on the farm and the popularization of new technology. The agronomists proposed an increase in the joint activities along the line of producers-industry-trade. Often, however, the shortages of some production assets are illusory, inasmuch as other disturbances are responsible.

The public agronomists make many critical comments on the problems associated with getting professional literature. The functioning of the public agronomist who lacks a professional library is impossible. It was also suggested that the agronomists participate in special excursions to leading individual and socialized farms at home and abroad.

12247/12232

CSO: 2600/168

PLANS FOR BOOSTING POMERANIAN POTATO PRODUCTION

Koszalin GLOS POMORZA in Polish 18-19 Oct 86 p 1

[Article by (wis): "We Can and Must Produce More Potatoes"]

[Text] Are the best conditions for potato cultivation in the country, which Pomorze Srodkowe has at its disposal, being utilized? Taking into consideration the fact that potato farms comprise only 10 percent of the sown area in our region, we need to answer the above question with a "no." The question was considered by the provincial party echelon in Slupsk as it proposed a considerable increase of potato production in the near future.

This year's estimated potato yields, which amount to greater than 200 quintals per hectare (and over 300 quintals on a large number of farms), are providing the impulse to accelerate the implementation of the above concept.

This goal was pursued at yesterday's conference by agronomists, producers, and scientists as well as by officials responsible for the protection of crops. The conference itself was primarily dedicated to the intensification of potato production. Discussion was also held on ways to stimulate growth and yield. The conference, which was hosted by the Provincial Center for the Quarantine and Protection of Crops in Slupsk, included representatives from Polish and foreign farms which produce resources for protecting and stimulating potato cultivation.

Representatives from the research centers of the Potato Institute in Bonin and the Institute for Crop Protection in Poznan, which assist our agricultural efforts. They presented an evaluation of the current level of utilization of chemical fertilizers used in our society to protect crops which are among the best in the world today.

The experience gained during the conference, as the discussion revealed, will be applied to intensify potato production in our region.

12247/12232

CSO: 2600/168

MOST SMALL HOLDINGS TO BE DISQUALIFIED AS FARMS

Warsaw RZECZPOSPOLITA in Polish 22 Oct 86 p 3

[Article by E. Szot: "The Operation Is More Than a Statistical Exercise"]

[Text] Proposition: No Farms Less Than 1 Hectare and the Concept Should Be Enforced

Of the more than 2.8 million individual farms in Poland, 391,000 have an area of between 0.5 to 1 hectare. Altogether they cover 251,000 hectares, the average farm in the group has 0.64 hectares for agricultural needs.

In 30 percent of these farms, production is totally dedicated to self-sufficiency. Sixty-seven percent of the farms have no cows, while 57 percent have no pigs. Thirty-five percent have no equipment. What is interesting is that the number of farms with an area of between 0.5 and 1.0 hectares increased by 89 percent in the years 1950-1984.

Including this size unit in the group of overall farms, according to experts, causes problems in the identification of the processes of agrarian structural changes occurring in agriculture, and also obscures the issue of productivity on the average farm.

Accordingly, a measure is being proposed to set the base size of a farm to no less than 1 hectare for agricultural needs.

Farm rights would only be had by those units with an area greater than 1.0 hectares and which conducted specialized, highly intensive production; they could also be included in those groups of special agricultural production. Changing the base size of farms is not only a statistical maneuver; it requires that executive administration changes be made in the civil code, and this would have many important consequences. The changes would be felt both in the area of the sale of property and the principles of leasing property, the establishment of retirement and pensions for farmers and, finally, the tax system itself.

In this last area, the changes would include owners of private plots with an area of 0.5 to 1.0 hectare not having to pay a ground tax (inasmuch as they would no longer have such small farms), but they would have to pay an equipment tax, as well as make increased payments to the Gmina fund. They would also not be required to make contributions to the farmers' social security; they would not, however, have a right to pension certificates.

However, it could happen that the owners of such plots would also not have the authorization to draw from the social security fund for work done outside of agriculture or in socialized agriculture. As a result, it is proposed that the chance to make contributions to the farmers' social security fund be maintained.

The proposal to increase the basic size of a farm to 1 hectare was not the result only of debate within a group of specialists, but was also a response to the suggestions voiced in the province during the Sejm election campaign and at the 10th PZPR Congress.

The proponents of these changes also hope that the "degradation" of such small farms to the role of private plots would not change the character of their utilization and they would continue to play their significant role of supplying the owners' families with food and delivering their product to market. These plots, of course, would continue to observe the regulations on protecting agricultural and forest lands.

12247/12232

CSO: 2600/168

BANK PROVIDES LOCAL INDUSTRIES, CITIZENS WITH EASY CREDIT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 9 Dec 86 p 14

[Unattributed Article: "No Free Choice of Banks in GDR--Only Private Enterprises Can Choose--One Out of 5 Households Has Assumed Loan"]

[Text] Frankfurt, 8 December--Dr Werner Polze, president of GDR's Deutsche Aussenhandelsbank [German Foreign Trade Bank], commented in Frankfurt: "Domestic credit in the GDR is without risk and cannot result in losses. Interest rates for businesses and citizens have not changed in many years." Every fifth household in the GDR has assumed a so-called consumer loan. The interest rate for such loans is 6 percent. Enterprises whose projects are important to the national economy may receive credit on more favorable terms.

The 32 communal savings banks maintain over 2,000 branches. Savings banks alone employ 20,000 people and a total of 38,000, mostly women, are employed in GDR's credit division. About 22 million savings or checking-savings accounts are maintained by the 16 million GDR residents. Saving deposits, according to the most recent disclosure, comprise a total of roughly M130 billion. The savings rate is said to be 6 percent. Interest rates for account holders are uniformly 3.25 percent. The accounts are freely accessible through bank books or checks at any credit institution or post office. Bank cards are unknown.

The banking structure has basically remained unchanged since it was established. The Staatsbank [State Bank] not only issues banknotes but also serves as a commercial bank. Its special industrial branches serve the roughly 150 large collective combines. The State Bank also has an important planning and control function. Polze explained that the branch chiefs of the bank would, for instance, be called to the ministries to act as joint representatives for the plans of specific collective combines.

The president of the State Bank controls the entire credit system of the GDR and all banking operations through regulations. He is a member of GDR's Council of Ministers. There are 2 additional centrally-controlled institutions in addition to the State Bank. One is GDR's Bank fuer Landwirtschaft [Bank for Agriculture] and the other is the German Foreign

Trade Bank. The Foreign Trade Bank was founded in 1966. It serves the 90 or so foreign trade enterprises of the GDR and maintains an extensive network of correspondence banks abroad.

GDR citizens are not allowed to pick their own bank. Only about 120,000 private enterprises, which may employ up to 10 people, have the right to decide whether to establish an account at a savings bank or at a cooperative bank. Private enterprises contribute about 3.5 percent to the GNP. Polze emphasized that their net product share of the retail trade is about 11.5 percent while their share of services is around 43 percent.

12628/13104
CSO: 2300/118

INVESTMENT PROFILE: EXISTING GERMAN CAPITAL STOCK MODERNIZED

East Berlin TRIBUNE in German 3 Sep 86 p 3

[Article by Dr Otto Reinhold, president of the Academy for Social Sciences of the SED Central Committee: "Our Strategy for Today and Tomorrow--The Wise Investor Modernizes." First paragraph is an excerpt of the Central Committee Report on the XI SED Party Congress.

[Text] "Seventh. Our economic strategy makes much higher demands on investment-related activities. The major share of capital investments serves the modernization of basic assets utilizing existing structures. Only in this manner will leading technology projects result in the required improvement of our technical material base. The share of investment funds for rationalization will be further expanded The precise implementation of the investment projects for strengthening the technical material base of the GDR that was decided on in the plan is an important national goal."

Investment activity plays an extremely important role in a dynamic economy. A total of 319 billion marks was invested in the GDR economy from 1981 to 1985. The current 5-year plan calls for M346 billion. These are enormous sums which have a significant impact on the social process of reproduction and on economic productivity. Their effective utilization is, therefore, particularly important. During the last 5-year plan, utilization of investments to modernize the technical-material base was constantly improved, an important prerequisite for turning the corner toward increased intensive reproduction. The degree of automation of industrial equipment consequently increased in 1985 to 53 percent.

The aims and problems of investment-related activity have changed fundamentally during transition to intensively expanded reproduction. As long as production has been increased extensively, growth was always accompanied by larger investments, an increased labor force and by other production efforts. Investments were used primarily to establish new enterprises and new branches. Modernization was, of course, generally part of this process. Economic growth was, however, achieved primarily by a quantitative expansion of the technical-material base of the means of production.

Higher Production Standards Are the Goal

The intensive expansion of reproduction, which is the economic strategy of the SED, is associated with a basic change of investment goals. Emphasis is no longer placed on quantitative expansion of the existing production base or on increased application of existing technology and production procedures. The decisive goal now is to concentrate investment activities completely on uninterrupted modernization of the existing technological equipment base by the broad application of new scientific and technical information. In other words, today the effectiveness of investment-related activity has to be evaluated primarily by assessing how well it succeeds in implementing such knowledge quickly, economically and efficiently on a broad basis. Investments which only serve the purpose of quantitatively expanding the existing level of production do not conform to the economic strategy of the party.

Consequently, a number of practical conclusions can be drawn, only some of which will be mentioned here:

In the first place, this means that the largest share of investment capital must serve the goals of rationalization. Between 1976 and 1980, this share was 53 percent in the manufacturing industry. During the subsequent 5-year plan, from 1981 to 1985, this share increased to 64 percent and by 1990 it is supposed to reach at least 80 percent. Currently almost 75 percent of all investment funds are utilized for this goal. Rationalization was determined in this process by applying the key technologies of microelectronics, modern computer technology and information science, CAD/CAM, flexible automation and others.

600 Percent Increase in Labor Productivity

Practical experience has demonstrated that in this type of rationalization, in conjunction with these key technologies, a large part of existing equipment can be brought up to date. A comprehensive program already exists for machine tools which is being implemented at this time. This approach yields an increase in labor productivity ranging from 300 to 600 percent and many other economic effects. Investment capital needed for this purpose is much less than is generally required for conventional new investments. The proportions also shift simultaneously--the share of capital funds decreases for construction projects and increases for modern equipment.

In the second place, investing in this approach to rationalization does, of course, require a different track. Each combine and each enterprise must develop and implement its own concepts. Only the enterprises and combines themselves are in a position to formulate precise plans for bringing the existing potential up to date by applying key technologies and for achieving greatest efficiency. No central office is able to assume this task.

To execute this process effectively, the combine must have the necessary technical prerequisites. In-house assembly of the resources for rationalization is, therefore, an important problem. In 1985, 18 percent of the investment equipment was assembled this way in-house. This share will

increase to 35 percent by 1990. The increasing in-house assembly of the resources for rationalization is consequently a prerequisite for efficient application of capital funds. Thus, economically sound combines or enterprises have a yearly growth rate of more than 20 percent. The fact that highly qualified professionals are required in this process is self-evident.

Important Tasks for Trade Union

In the third place, this means increasing direct responsibility of combines and enterprises. Various government measures have expanded rights and economic opportunities toward this end. All experience has shown that investments in rationalization are most effective if all employees participate from the beginning. Both new scientific knowledge and personal experiences are very important. Collaborative efforts of engineers, economists and workers are essential prerequisites for success. Effective intensification is, therefore, an important area for union work. We are concerned here with the serious tasks of competition and new types of work. At the same time, technological progress must go hand in hand with improved working conditions and living standards for the participating employees.

12628/13104
CSO: 2300/118

STATISTICS PUBLISHED ON INLAND WATERWAY HARBORS

East Berlin PRESSE-INFORMATIONEN in German No 125, 28 Oct 86 p 6

[Report: "Fact and Figures on GDR Inland Waterway Harbors"]

[Text] As an energy- and cost-favorable carrier, inland waterway shipping has important opportunities at its disposal in order to contribute to reducing economic outlays for transport. Therefore, it is faced with demanding challenges. Thus, by 1990 the amount of goods transported is supposed to be increased by 7 million tons over 1985. This corresponds to about a 145-percent increase. Inland waterway shipping in our republic transports primarily bulk cargo, such as construction materials, coal, ores, grains, fertilizers and also mixed cargo, containers and heavy loads.

The transport fleet consists of over 1,100 pushed barges, self-propelled inland waterway freight barges and motorized towed barges. In addition, there are capacities for maintaining them and also 3 enterprises which are responsible for the maintenance and operation of 2,319 km of waterways, including their locks and ship elevators, and efficient transshipping enterprises.

Every year, millions of tons of goods are loaded at the approximately 160 transshipping sites and harbors which are located along the republic's waterways. The harbors, which are part of the VEB Inland Waterway Shipping and Waterways Combine, have a special responsibility. The 9,000 working people in this combine work at 16 inland waterway harbors which are under the control of 3 harbor directorates: the VEB Upper Elbe Inland Waterway Harbors, headquartered in Dresden, the VEB Central Elbe Inland Waterway Harbors, headquartered in Magdeburg, and the VEB Oder Inland Waterway Harbors, headquartered in Eisenhuettenstadt. The collectives in locally-managed harbors and in factory harbors likewise achieve high performance.

They all compete to guarantee rapid and quality ship transshipping--loading and unloading ships. At the same time, these inland waterway harbors also fulfill important storage and distribution functions in cooperation with the railroad, vehicle traffic and other enterprises in the economy. To a certain extent, this transshipping on land is a turntable in goods transport. Ship and land transshipping together produce the total volume of the harbors. By intensifying the transshipping processes and through continuous shift operation, the harbors make a substantial contribution to reducing lay days and thus to more rapid turnaround time for the fleet.

The VEB Central Elbe Inland Waterway Harbors consists of the harbors of Wittenberge, Brandenburg, Halle, Aken, Rosslau, Tangermuende, Schoenebeck, Haldensleben with the Buelstringen transshipping site and Magdeburg with these harbor sectors: commercial harbor, industrial harbor and separating jetty. Their annual transshipping capacity comes to over 6 million tons. The harbor in Magdeburg, which, as a shipping junction (Elbe--Elbe-Havel-Canal--Mittelland Canal) has to fulfill important tasks in realizing foreign trade transports, accounts for about one-third of this.

Currently the Magdeburg industrial harbor is being expanded into the central gravel transshipping site for the bezirk-city. The harbor railroad--total track length is 65 km--provides the link with the Magdeburg-Rothensee freight depot.

The VEB Oder Inland Waterway Harbors comprises the harbors of Eisenhuettenstadt (City Harbor, Old and New Harbors), Frankfurt/Oder and Koenigs Wusterhausen with the Potsdam operation sector. Here, every year, more than 5 million tons of goods are transshipped, mainly ores for the Ironworks East Combine and construction materials, concrete elements and coal for the capital city of Berlin. The 30-km track system of the harbor railroad in Eisenhuettenstadt provides the link between the three parts of the harbor, a large coal storage depot, the factory railroad of the Ironworks East Combine and other enterprises in the territory. In the New Harbor, a car-tipping facility guarantees smooth unloading of freight cars onto ships.

The harbor in Koenigs Wusterhausen is being extensively rebuilt and expanded in order to accommodate in the future the increasing tasks related to supplying domestic energy sources. Among other things, it was equipped with a new car-tipping facility and new cranes. An additional car-tipping facility will soon be put into operation. When all the work is completed, starting in 1987 the harbor will not only develop into the largest coal transshipping site, but also into the GDR's most productive inland waterway harbor overall, and, with more than 3 million tons, it will almost triple its current transshipping capacity.

The VEB Upper Elbe Inland Waterway Harbors controls the harbors of Dresden, Riesa, Torgau and the Meissen Elbe dock. Approximately three-fourths of the almost 4 million tons of goods which are annually transshipped are construction materials. In this, the most important cooperating partner is the VEB Elbe Gravel, Muehlberg/Prettin, of the VEB Aggregates and Natural Stone Combine, Dresden. Since 1985, there has been comprehensive competition between the gravel conveying sites, the VEB Inland Waterway Shipping Company, the VEB Upper Elbe Inland Waterway Harbors and the GDR railroad; this competition contributed to the fact that with the same cargo space on a fixed schedule, it was possible to transport substantially more construction materials. The experiences gained in this are currently being utilized also in order to increase the transports of construction materials from the Magdeburg/Haldensleben region and from the Oder primarily in the direction of the capital. The harbor in Dresden is linked by its 12-km track network with the GDR's largest switchyard in Dresden-Friedrichstadt.

The "inland waterway transshipping" product group was established in 1984 in order to develop transshipping in all harbors and transshipping sites in such a way as to accommodate the necessary development of capacity for inland waterway shipping. In addition to the centrally managed harbors, this product group also consists of the most important municipal and factory harbors. Locally managed inland waterway harbors, such as those which traditionally exist in Berlin and Anklam, and factory harbors--as for example in Genthin, Velten and Ruedersdorf--fulfill important supply tasks for specific territories and enterprises. The VEB Central Elbe Inland Waterway Harbors is the managing enterprise of the product group.

12124/12859

CSO: 2300/93

BRIEFS

MICROELECTRONICS PRODUCTION DETAILED--In past years the GDR has failed to "reduce decisively close" its microelectronic gap with leading countries in the field, admitted Prof Franz Roessler, as the chief engineer for switching circuits at the Erfurt combine for microelectronics, to the East Berlin periodical NBI. However, the GDR "has caught up and not fallen behind" instead, it has kept pace with international progress and has "itself made enormous strides in development." The GDR must also keep up this rapid pace in the future because the efficiency of society will be judged thereby and because a slackening pace would inevitably increase the gap. The GDR only started to develop and produce its own microelectronic components in 1976, a time when microelectronics in Western countries had already made an impact on many industrial areas. The Erfurt microelectronic combine was created in 1978 by consolidating several enterprises. Since that time, said Roessler, "investment funds in the billions" were allocated to expand production capacity. This year the production of switching circuits will exceed the hundred million mark. The GDR now produces 80 percent of its demand itself. Another major chip factory of the combine is scheduled to begin production in Erfurt in April 1987. [Text] [Bonn IEW WIRTSCHAFTSDIENST in German Vol 27, No 32/33, 19 Sep 86 p 1] 12628/13104

CSO: 2300/118

COMMENTARY ON PROPOSED 1987 BUDGET

Warsaw POLITYKA in Polish No 49, 6 Dec 86 p 4

[Article by Zygmunt Szeliga: "Balance?"]

[Text] On behalf of the government the minister of finance presented to the Sejm the 1987 draft state budget. The deputies know just what they are to deliberate, and the effects of these deliberations shall certainly soon become known to us once we start receiving news from the Sejm committees investigating the draft budget. Next, the Sejm will reconvene to issue its final verdict.

The columns and rows of figures in the draft budget decree will be only a point of departure for the abovementioned deliberations whose principal reference point must be the reality that surrounds us all, the consequences that ensue from the figures in the draft budget, the verisimilitude of these figures and consequences, and lastly the pressure of current events, of which one in particular, a distinctive twist of the calendar, deserves attention here. Namely, the minister of finance has presented the draft budget to the Sejm on the last Monday in November. On Tuesday it was published in the press, and on the same day nearly 1,500 trade-union delegates traveled, with newspapers in briefcases and pockets, to Warsaw in order to begin their own Congress on Wednesday.

This confrontation is highly instructive. A fundamental, and deservedly so, principle of the draft budget is its balancing. For indeed, were the government to consider not all -- God forbid! -- but a mere 10 percent of the demands and postulates formulated at the Trade Unions Congress, it should immediately and with a blush of shame withdraw its draft budget from the Sejm and some time later present it again, this time with a deficit of hundreds of billions of zlotys. And if the Sejm deputies support the demands of the trade unions, they will send back the draft budget to the government, which will have no choice but to propose a return to the practice of budgetary deficits, with all the known consequences thereof.

I do not know, of course, how the events will unfold, and besides this is hardly as important as it might seem. I conceived the above extrapolation in order to point up the virtually insurmountable contradiction between the needs and imperatives of the economy and the budget, on the one hand, and the

populist demands, postulates, and ideas. For several years now with a nearly maniacal persistence I have been arguing that absolute priority should be given to these economic needs and imperatives if we as a country and as an economy are ever to regain our ability to develop and our importance in the world. But for several years now it is the populist demands that have regularly been winning and, this being perhaps the greatest paradox, their victories have been Pyrrhic.

For what of it if this or that occupational group or even we all receive a pay increase of 2,000 or 3,000 or 5,000 zlotys more per month, considering that it all will be devoured by inflation. Is not it time for us to tell ourselves very explicitly and bluntly that we as a society are still living beyond our means, even though those "means" seem very low and for a large segment of the society are indeed very low. And precisely this living beyond our means is the chief and fundamental reason why we are climbing out of our economic nadir so slowly and with such great effort, which in its turn is causing hardly any improvements in our living standards, in terms of real income.

Thus, the budget is, even before being voted upon, imperiled by the new demands, needs, and postulates. But even in its version drafted by the government it elicits major doubts and reservations. It is, of course, balanced: the revenues are to be nearly 6 trillion zlotys (minus almost 33 billion zlotys), and the expenditures almost as much -- the surplus of revenues over expenditures is barely 0.7 percent (412 million zlotys). But this balancing is as delicate as a spiderweb and the draft budget as well as the accompanying documents state this clearly. Thus, the draft budget decree almost explicitly delegates to the Government the power to authorize the minister of finance to borrow from the National Bank of Poland in order to cover the budget deficit, if....

Precisely, if.... One of the spiderweb threads on which the balanced budget is hanging is the subsidies. According to the draft budget, subsidies for goods and services are to be slightly over one trillion zlotys. Nominally, that is, in zlotys, this is somewhat more than in 1986, but in real terms, that is, allowing for this year's inflation, this is some 15 percent less. The reduction in subsidies (including enterprise subsidies) will be possible only on condition of corresponding price increases from the very beginning or, in the worst case, in the first few months of 1987. If, however, for one reason or another, price increases are delayed or do not reach the planned level, while other funds needed to balance the budget (their arsenal is in practice quite limited) prove to be ineffective, then, of course, a balanced budget will go to hell and a loan from the National Bank of Poland will be needed. In its turn, the loan plan is tightly balanced and such a request -- supported by the Sejm's authority, after all -- can be met only in one way: by printing more money. And as to what this means, no one can have any doubts.

But let us not make an idol out of a balanced budget; essentially, this is only one element of the much more important general economic and financial equilibrium of the country. As for that, the draft balance sheet of personal incomes and expenditures prepared by the National Bank of Poland sheds unusually characteristic light on it.

Thus, according to the NBP -- and these are not imaginary or draft figures but ones ensuing from familiarity with the economy and the state's obligations as well as from the Central Annual Plan already resolved upon by the Government -- on the income side we have, among other things, a 585-billion zloty increase in wages and a 372-billion zloty increase in social services. Wages are thus to be 15.7 percent higher, and yet it is well known that such an increase will be much higher than the anticipated increase in labor productivity and output, especially in the output of consumer goods. What is more, I cannot recall any year in which the real increase in wages has been higher than planned or forecast. For example, this year wages were to increase by 411 billion zlotys but in reality, as estimated last November, they will have increased by 631 billion zlotys. Similarly, next year we can expect an overall increase in wages by 700 or 750 billion zlotys rather than 585 billion.

The increase in social services is to be as much as nearly 30 percent, largely owing to the program for revising pensions and annuities, which are to increase by 322 billion zlotys or by more than 34 percent.

Thus, according to the plan, wages and social services are to augment personal incomes by nearly one trillion zlotys, but in reality this increase will most likely to be an additional couple of hundred billion zlotys higher. And were the postulates of the Trade Unions Congress to be met, the total would be as much as 2 trillion zlotys. But let us stick to the plan, which specifies nearly 1 billion zlotys in increased wages and social services and more than 500 billion zlotys from other sources (chiefly: farmers, from sales of produce). Altogether, according to the plan, personal incomes will increase by 1,529 billion zlotys, or 20 percent more than in 1986.

This is an extremely optimistic view. Next year the so-called statistical Pole will have a montly income of 20,000 zlotys instead of the nearly 17,000 zlotys this year. (Note: Please do not use this as a criterion of your earnings, pension, etc., for the amounts cited also include such items as loans, funds used by farmers and the nonagricultural private sector for their operations and investments, etc.)

Now what about the other side of the balance sheet? Personal incomes will be 20 percent higher. What will we do with that money? To answer this question, let us consider the 1987 economic plan: it forecasts a real increase of 2.6 percent in the supply of consumer goods and 5.2 percent in the availability of services. Altogether: a 2.8-percent real increase in the supply of consumer goods and services....

Thus, while our personal incomes will be 20 percent higher, we will be able to spend them on buying 2.8 percent more goods and services. Is any comment needed? The draft balance sheet of personal incomes and expenditures assumes that -- allowing for planned price increases -- the inflationary gap (that is disposable personal income that cannot be spent, not even after price increases) will be 220 billion zlotys in 1987. And what happens if these price increases are delayed or small? What happens if -- and, as I stated above, this is extremely likely -- personal incomes will increase on a much greater scale than planned?

For this is what, roughly speaking, ensues from the figures in the draft budget, the balance sheet of personal incomes and expenditures, and the plan. Thus the prospects for 1987 do not seem to be any better than they had been for the last few years. Can anything alter these prospects, and if so, what?

I am one of the incorrigible optimists who believe that the growth rate of the real output and supply of consumer goods can be increased considerably, though certainly not by 20 or even 10 percent in one year. Thus, if we are indeed to reach a truly balanced budget and a balanced economic and financial condition of the country, this unfortunately requires measures that would be incomparably more drastic than the steps taken so far to limit the "copycat" increase in money supply.

This is what I have been stating, in one way or another, publicly and privately, for the last few years, though so far without any results. As an incorrigible optimist, I still have not lost the hope that next year, or the year after, there will be some response. But it does matter whether whether this response is made when the annual ceiling on personal incomes and expenditures is 9 trillion zlotys, as envisaged in the 1987 draft balance sheet, or when it is e.g., 20 trillion zlotys, which may happen within a few years....

1386

CSO:2600/222

OFFICIALS, EXPERTS COMMENT ON SUBSIDY SYSTEM

Warsaw EXPRESS WIECZORNY in Polish 13 Nov 86 p 3

[Recorded by Marek Adamek: "Subsidies--What Next?" surtitled "They Falsify Economic Reckoning, Distort Prices, and Blur Profitability of Production"]

[Text] Is there any rational way out of the subsidy system? In what fields of the economy should subsidies be preserved and in what abandoned, totally or partially? Is the abandonment of subsidies absolutely bound to cause a sudden rise in the cost of living?

In two previous articles we described the scope and scale of the subsidy policy in this country, its dark and bright sides (EXPRESS WIECZORNY, No 204), as exemplified by the dairy industry (EXPRESS WIECZORNY, No 211). Today we present below opinions by experts.

Wincenty Lewandowski, Sejm deputy, member of the Sejm's Economic Plan, Budget, and Finance Commission:

Subsidies are justified by pointing to social or general economic aims. The principal purpose is to preserve low prices of many goods, thus enabling the poorer segment of the society to purchase the staple consumer goods, chiefly food. But this purpose can be accomplished in a different way, by subsidizing the consumer rather than the price, i.e., the producer. In this way, those whose incomes are indeed low can be reached.

By subsidizing prices we assist with public funds from the budget all citizens -- perhaps even the wealthier ones, since these acquire the greater part of all goods. Prices are not a good instrument of social policy; they operate blindly, whereas the aim of social policy is to provide effective help to those who need it. Then it will turn out that the overall subsidies can be reduced.

Prices are an economic category, and disregard of this fact results in that the subsidized industries, e.g., the food industry or some metallurgical subsectors, are in a bad financial shape. They are obsolete, underinvested, and they cannot accomplish all their tasks. As regards market supply, subsidizing deficit factors of production, e.g., coal, is a complete

misunderstanding. Speaking bluntly, this promotes the wasteful treatment of scarce commodities.

The Sejm's Economic Plan, Budget, and Finance Commission is -- I believe I can say so -- basically reluctant to maintain this scale of subsidies in our economy. It is disquieting that in recent years not only we have not reduced subsidies but they have grown in absolute figures. For example, in 1986 we will have exceeded the planned budget subsidies by about 28 percent. The Government has presented a program for curtailing subsidies which will in the very near future be discussed in the Sejm. In my opinion, abandoning subsidies of social consumption should first consist in transferring them to the recipients, that is, to the consumers, to the citizens, which in itself will restrict their scale, because not everyone has to be subsidized, and subsequently in developing an appropriate policy on personal incomes, chiefly a wage policy such that higher earnings would be achieved owing to better work. As for supply subsidies, these should be dropped as soon as possible.

Professor Jozef Popkiewicz, economist:

I'm not an opponent of those budget subsidies which, without incurring economic losses, serve to accomplish generally accepted social measures.

But I'm opposed to excessive and broadly applied budget subsidies, since these falsify economic reckoning, distort prices, and blur the actual profitability of production, which causes huge though not measurable losses. Further, subsidies markedly weaken the incentive effect of artificially reduced wages [as published], so that no one can tell the extent of his own participation in the subsidy burden, and no one either can tell what direct advantages he derives from subsidies. Lastly, subsidies often lead to a paradoxical situation in which the wealthiest individuals benefit most from the consumption of subsidized goods and services.

Few people realize that a complete abandonment of budget subsidies could provide the funds for increasing all wages and social services by about 35 percent. Of course, such a complete and simultaneous abandonment of all subsidies is not feasible, for it would entail a corresponding rise in prices offsetting the traditional sources of subsidies.

The only way to accomplish the necessary and radical curtailment of subsidies in this country is, first, to halt their traditional growth and, second, to reduce them consistently and systematically in every field until they are completely eliminated in the fields in which they are neither economically justified nor socially approved. Unfortunately, taking this way would mean concurrent price increases along with a possible compensatory rise in wages.

Zbigniew Kochan, OPZZ [All-Polish Consensus of Trade Unions]:

We support restoring order in the economy, halting inflation, and achieving a market equilibrium, but we also view critically the planned increases in the retail prices of many staple goods, including food, and services. Such increases hurt most broad masses of laboring people which are familiar with the mythical inflationary overhang only from publications.

In many cases the state budget does not subsidize the prices of consumer goods or provide consumers with bargains. On the contrary, the state budget needlessly overpays the producers of many goods, provides them with undeserved financial support, cushions working and living conditions, and promotes waste. It applies the hard-money policy to consumers instead of to producers. The entire society in unison bears the cost of various priorities and preferences granted to particular producers. This is accepted neither by the general trade-union membership nor by economists as a whole.

It is also worth noting that, e.g., increasing producer prices can result in greater scarcity of some products. But by increasing producer prices the state budget derives additional advantages which are not taken into account in the reckoning of deficits and subsidies with respect to particular goods and services.

We're against an uncritical subsidizing of producers, but I believe it expedient to retain subsidies for particular consumer goods and services, especially those which markedly affect the living standards of laboring people, and in particular staple foodstuffs. Thus, the problem is not whether or not to subsidize but what to subsidize. Before a decision on this is taken, a dialogue should occur between the Ministry of Finance and the trade union.

Andrzej Wernik, Ministry of Finance:

In recent years the state budget has been increasingly committed to subsidizing many goods, both consumer goods such as meat products, milk and dairy products, processed grain products, passenger transportation, central heating, hot water, etc., and producer goods such as coal, metallurgical products, artificial fertilizers, and feeds. This was intended to halt increases in the prices of these goods.

This year the overall amount of subsidies of this kind has already reached 1.5 trillion zlotys, or nearly 30 percent of the total expenditures of the state budget. Such a great subsidy burden on the budget makes it impossible to balance it and hence also to restore the complete financial equilibrium of our economy. And yet, according to a resolution of the 10th PZPR Congress, assuring a balanced budget is a precondition for implementing the second stage of the economic reform.

In this connection, in preparing the draft 1987 state budget, the Ministry of Finance envisaged that subsidies would be frozen at this year's level, which will serve to balance budget revenues and expenditures. Thus, according to the prepared draft state budget, if the Sejm approves the draft, for the first time in 7 years we will not have a budget deficit.

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CSO:2600/222

STATUS OF KRAKOW 'POLONIA' FIRMS REVIEWED

Krakow DZIENNIK POLSKI in Polish 13 Nov 86 p 3

[Article by (j.cz.): "The Crooks Will Be Found Out" surtitled "One Billion Zlotys from 36 Polonia Companies"]

[Text] The activities of Polonia companies (or rather, foreign firms, because that is how they are termed officially) remain a highly emotional issue. Not without reason, they are being accused of various peccadillos, of which the most serious one is that their owners, profiting from advantageous conditions, desire to amass riches easily and rapidly. Of course, not every company of this kind cheats customers and the state treasury, but such instances do happen quite often. This precisely is perhaps why Polonia companies are discussed so widely although they are marginal to this country's economy.

In Krakow Voivodship 36 foreign enterprises operate at present. The first two, Alpha and Starmark, were established 10 years ago. But most were formed during 1982-1983. Time after time one company or another stops operating. Three years ago the Mazzotti Enterprise ceased operating. Last year, administrative authorities shut down the Amerpol Company (confectionery), because it did not meet the terms of its permit (specifically, the executives of Amerpol failed to transfer to Poland the amount of hard currency required by the regulations). This year the Alkat and Awerpol enterprises shut down (in both cases internal reasons were decisive -- the Krakow authorities had no influence over them). Next year several other companies will probably cease operating. This will happen because the 3-year exemption from the income tax will expire for a majority of these enterprises. The weakest ones will go under, because they cannot afford the income tax.

The Krakow Chamber of the Treasury, which oversees the financial operations of foreign enterprises, has many reservations about their activities in this respect. Nearly 90 percent of the enterprises underreport their profits. There also occur many instances of violation of the terms of their permits (manufacture of products other than previously declared, disregard of employment limits, etc.). The third most frequent "peccadillo" is the excessively low and ineffective exports (the foreign companies in Krakow send abroad only a few percent of their output).

Should all foreign enterprises be condemned in advance owing to these violations? Probably not. State and cooperative enterprises also bear many sins on their conscience.

The regulations governing the activities of foreign enterprises in this country should be tightened so as to prevent any such wheeling and dealing. Unfortunately, they still contain many loopholes (and moreover certain regulations are changed every month -- this concerns, among other things, the turnover tax rate). The point is not only to tie up the hands of tricksters but also to avoid discouraging honest enterprise owners. Assuring stable conditions of operation in the long run matters greatly. It is impossible to turn on alternately green and red lights.

Among other things, this instability has put an end to the impetus to establish Polonia firms. In the last 2 years not a single new foreign enterprise has been established in Krakow (at present, two applications are on file at the Town Hall).

Last year the municipal budget of Krakow received about 1 billion zlotys in revenues from foreign enterprises, chiefly from several largest firms such as Acari, Alpha, and Intermerk (all owned by Marold Company), Frutaroma (owned by the Soszynskis, father and son), and Scanproduct.

What lies in the future of the Polonia companies? At the Krakow Chamber of the Treasury we were told that another round of changes in regulations is in the offing, with the object of preventing deceptive practices. Perhaps, once these changes are made, we shall have fewer occasions to grow emotional over economic-financial affairs, and of a certainty several more dishonestly operating foreign enterprises will disappear.

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CSO:2600/227

COLUMNIST REVIEWS SAVINGS TRENDS IN POPULATION

Warsaw KURIER POLSKI in Polish 3 Nov 86 p

[Article by Andrzej Olszewski: "Mending the Piggybank"]

[Text] Quite recently the complicated process of the economic education of the PRL [People's Republic of Poland] citizen used to begin with a piggybank. The little man would drop coins into it, swing it now and then to feel the heft and hear the clink and, once the fired-clay belly was full, solemnly smash the piggybank and run to a store to buy a fountain pen, skates, or a bicycle.

Nowadays piggybanks are no longer in fashion, and not just because saving up enough coins to buy a bicycle would require a piggybank as large as a life-size pig. It is simply that even a child knows that in inflationary times it is not enough to save money. The trick is to protect one's savings from losing their value.

The shortest path leads to the PKO [State Savings Bank]. At branches of this bank personal savings have reached the truly astronomical aggregate amount of 1 trillion 465 billion zlotys -- fifteen times as much as in 1970, nearly five times as much as in 1976, and more than 3.5 times as much as in 1980.

Seemingly this is an impressive growth. But confronting these figures with other indicators inevitably leads to the conclusion that in recent years our inclination to save cash at the PKO has not been growing but on the contrary declining.

Several comparisons: In December 1980 the statistical average Pole had 11,170 zlotys in his savings account. This was equal to 1.85 times the average monthly wage in the socialized economy. At the end of June 1986 the average Pole had 39,000 zlotys in his savings account, which was less than 1.7 times the average monthly wage. Let us add that in other socialist countries the corresponding indicator is higher by a factor of 3-4.

Consider the matter from another angle: During 1980-1985 the cost of living increased by a factor of 4.2, while retail sales and disposable personal incomes both increased by a factor of 3.7, whereas savings at the PKO increased by a factor of less than 3.3 (or 3.4 if cooperative banks are

included). These figures show clearly that the "stocking" is bulging out at a faster rate than savings at the PKO.

What does that proverbial stocking consist of? Above all, of a huge amount of cash stashed at home, which is an oddity or, if you prefer, a symptom of economic malaise. Secondly, there are the "Greens" [U.S. banknotes] and other convertible currencies, in amounts difficult to estimate -- some believe that only less than one-half of these is being kept in hard-currency accounts at the PKO branches. Extremely cautious approximations give reason to believe that the citizens of our country own about US\$3 billion [as published].

The absence of correspondingly strong incentives for rational saving unfortunately magnifies the pressure on the consumer goods market which, combined with the shortage of many consumer goods, engenders an entire gamut of illicit deals. This is best exemplified by passenger cars, whose -- to put it mildly -- nonsensical prices still continue to rise. On a smaller scale, the same situation applies to refrigerators, washing machines, and certain other durable consumer goods. I believe that all of my readers can, on the basis of personal observation, cite instances of households with two or three spare refrigerators, washing machines, etc., etc. The belief that it is better to hoard anything except zlotys, which has become a buzzword during the crisis, unfortunately persists to this day.

A result of the various illicit deals which of necessity I referred to only briefly is the absurdly high rate of exchange of the United States dollar on the black market. For several years now it has been rising even faster than the cost of living (by a factor of 6 during 1980-1986), and the explanation that this is merely a sensitive barometer of the rise in the prices of alcohol and passenger cars does not seem completely convincing. In the opinion of many experts, the black-market price of the dollar is also a consequence of the absence of incentives for savings.

That is, to put it plainly, it stems from the absence of an adequate interest on savings at the PKO. For several years now the interest rate on savings has been at the level of from 6 percent (regular savings accounts) to 15 percent (bonds and certificates of deposit). It is readily seen that, given an inflation rate of 20 percent, there is no incentive for savings.

It is hardly any consolation when bankers claim that nearly nowhere in the world the interest rate paid on savings compensates for inflation. Well, that "nearly nowhere" applies to countries which are not interested in creating so-called deferred demand, whereas we are, and how!

Consider for example the draft 1987 Central Annual Plan. The figures it contains indicate that fully balancing the rising personal incomes in 1987 would require goods worth 300 billion zlotys, which are not available. Of course, this 300-billion hole can be patched up in various ways -- by reducing wage increases, increasing production based on additionally conserved materials, and raising prices. But experience teaches that in practice such measures as a rule do not produce the effects expected.

On the other hand, attempts could be made to provide adequate incentives for deferring demand precisely by raising the interest rate on savings at the PKO. I refer chiefly to 1- and 3-year certificates of deposit (why have 2-year certificates been dropped?). Perhaps it would also be worthwhile, independently of the certificates of deposit, to introduce forms of savings for periods longer than 3 years, of course on paying the highest interest rate?

When inflation diminishes -- and we all hope that this will occur soon -- the interest rate can be reduced. But even so the machinery will operate properly.

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CSO:2600/227

PLANNED 'INTERNATIONAL SCHOOL OF QUALITY' DESCRIBED

Warsaw KURIER POLSKI in Polish 3 Nov 86 p 6

[Article by (waf): "International School of Quality" subtitled "The World's Only Such School Will Open in Piotrkow; It May Improve the Quality of Products"]

[Text] Soon a new school, the International School of Quality, will open in Piotrkow Trybunalski. The faculty have already been hired and the curriculum drafted. To put it briefly, this will be a school for learning how to produce efficiently yet solidly and how to meet quality and certification requirements. This will be the only institution of its kind in the world. Its inauguration will occur at the end of 1987.

The school will instruct in modern methods for appraising, grading, and certifying goods comprised by international coproduction and cooperation. Exchange of knowhow in quality control in the machinery, light, chemical, and food industries is anticipated, both at the enterprise level and at the level of parent agencies.

The students will be recruited from among applicants who hold managerial posts at the quality control services, production enterprises, research laboratories, and parent agencies of CEMA countries. For the first term, four representatives from each country will arrive.

The training cycle is scheduled at about 10 days and it can be shortened or prolonged as needed.

Thirty students, of whom one-half Poles, will be enrolled at a time. The training will be performed in four- or five-member teams of specialists under the direction of instructors and with the participation of practitioners -- representatives of enterprises in our country. The Main School of Planning and Statistics, the Warsaw Polytechnic, and the Lodz Polytechnic have already declared their intention to provide scientific assistance.

The idea of a school of this kind was conceived in 1983 by Engineer Jan Wasilewski, who offered it at a session of the Permanent Commission for Quality under CEMA's Federation of Scientific and Technical Organizations.

Upon considering the organizational premises and merit of this proposal, the member countries acknowledged the need to establish such a center.

The importance of this initiative to the national economy is most eloquently demonstrated by the fact that each year we are losing more than 60 billion zlotys owing to poor quality.

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CROATIA'S ANTE MARKOVIC AIRS VIEWS ON ECONOMY

Zagreb VJESNIK in Serbo-Croatian 28-30 Nov 86 pp 8-9

[Interview with Ante Markovic, chairman of the Presidency of SR Croatia, by newsmen of VJESNIK and VECERNJI LIST: "A Breakthrough of Exports Out of an Encirclement of Difficulties"; date and place not given]

[Text] On the eve of Republic Day Ante Markovic, chairman of the State Presidency of SR Croatia, talked with newsmen of VJESNIK and VECERNJI LIST about the current economic and political situation in SR Croatia and SFR Yugoslavia. The complicated socioeconomic problems the entire society faces and the broader developments in the world have a specific impact on our country and on SR Croatia within it. That is why the first question put to Ante Markovic dealt with the current state of the economy, above all the export economy, the results achieved, the problems which have not been overcome, and the prospects during next year.

Markovic: By making great sacrifices over the previous 3 to 4 years, sacrifices in development, in the standard of living, in social service and general expenditure, in investments, and indeed by sacrifices we have all made, we have managed to establish certain relations out of which it would be possible to achieve a qualitative change. After all, there still has not been anything qualitatively new in all that we have been doing in recent years, especially when it comes to development. When you come right down to it, the only new and authentic qualitative change has been establishment of what I would say is a stabilized relation with foreign countries. That is, what we have done is to sacrifice a part of ourselves and our development in order to pay for a part of the past and have thereby created the preconditions for new development.

Following these years of sacrifice, since the middle of last year, we have started out in another direction. To be sure, there are certain nominal indicators we might even be content with. Why? After quite a long time we have a high growth rate of output. We have rather good supply of the market in spite of certain difficulties. We also have a rise in the standard of living even though that growth has not yet occurred for certain categories of workers. After all, viewed as a whole, real personal incomes rose about 7.8 percent for the entire country during the first 9 months of this year. Even certain investments have picked up, although mainly those outside the economy.

The Other Side of the Growth of Consumption

VJESNIK: What has actually happened, and how high was the price of those changes?

Markovic: The room created for development which was supposed to be taken up in 1986 as the first year in the new planning period has unfortunately been used for a growth of consumption, with all the adverse consequences for our ability to develop. That growth of consumption was covered through a growth of production for the domestic market along with a rise of consumption which brought about a 7.4-percent reduction of consumer goods inventories. Imports to feed that growth of production completely upset the correlation established among exports, imports, and production. We had balanced relations among them, so that in spite of the difficulties we had a positive foreign exchange balance from 1983 to 1985. I personally think that that will not be the case this year, although a positive balance has been announced. The situation is quite clear. If over the first 9 months, and that is the situation now, we have a negative balance with the convertible area by comparison with last year (in 1986 a deficit of \$367 million and in 1985 a surplus of \$232 million), there is no chance whatsoever of making that up in the last 2 to 3 months. All of this obviously indicates negative changes, and they are manifested in the fact that global exports for Yugoslavia as a whole are down about 1.5 percent, while imports are up about 6.5 percent.

As a result of all this we have a high rate of inflation, the largest in history and one of the highest in the world today, standing at more than 90 percent, and if it were not for frozen prices it would even be over 100 percent.

The money supply over the first 9 months of this year rose 97 percent over the same period of last year. That has never happened before. This consists not only of note issue, but everything else as well, and it is no wonder that credit and monetary policy has given support to this kind of consumption and inflation.

The foreign exchange market, as some of us predicted, has not been functioning, so that \$320 million have been exchanged on it, which is only 5 percent of total payments in convertible currencies, and that included a \$60-million intervention by the National Bank of Yugoslavia. Only Article 110 of the Foreign Exchange Law is operative, and that only partially, and the influence of the subjective factor is dominant.

In this connection I would also say that the constructive things that have happened on the world market, things that could have a favorable effect on us--from energy prices by way of the price of capital to the drop in the value of the dollar--which according to some estimates signified a saving of as much as \$1.7 billion--has not been put to the service of our development, but rather to our consumption. At the same time those world developments also had an adverse impact, since the cheaper dollar signified that we were less competitive on certain markets of great interest to us. At the same time the relatively higher value of other currencies signified higher prices for those materials we cannot do without and which we purchase and pay for in those currencies which represent an important item on the import side.

The cheaper petroleum prices caused great difficulties in collection of the claims of our organizations of associated labor, which even now, it is estimated, amount to several billion dollars. We still do not have proper accounts. What has happened and is happening because of changes on the world market and is detrimental above all to the marketing of our goods will be felt even more in coming years. This year we have mainly gotten a taste of the constructive side of this development.

The Difficulties of the Transition to Next Year

VJESNIK: The seriousness of the problem which you have emphasized obviously acts as a constraint on the prerequisites for overcoming the crisis situation with any great speed. What are the prospects in this regard for the coming year?

Markovic: We now face a dilemma of whether we as a society will continue to pursue this exercise in futility, which is usually the approach, or have the ability and strength to enter into the new development which could afford a qualitative change. Unless we achieve a qualitative change and unless certain new relations and new income, new generation of capital, come out of that qualitative change and create space in which it is possible to provide coverage for the past and present and open up still larger room for development, then it seems to me that we will drop still further down. What we will be doing then is robbing Peter to pay Paul, and our rate of inflation will rise because of our inability to resolve the crisis in development we have fallen into. At the same time, as you see, consumption on the domestic market has even increased. For that reason and certain others this is a retreat, perhaps even as much as a few years.

At the transition from this year to the next year we unfortunately have too small a file of new export transactions under contract, by contrast with those for the domestic market, of which there are quite a few. This means that at the outset exports are not the generator that will afford larger outputs. Without it we do not have sufficient imports, and without the necessary imports there can be no growth trend of output, and that trend is negative even now, i.e., the trend is toward smaller output. This rate is dropping all the time and approaching the level of zero monthly growth relative to the end of last year.

To be sure, inventories of production supplies and raw materials are up nearly 12 percent, and those which are imported were up 11 percent over the same time of last year. However, for the 4th month in a row now we have had smaller imports than for the same period of last year, which is quite logical. Imports have to dry up when production is oriented toward the domestic market since it is much more attractive than exports, which have also been lower for 6 months now than the respective months of last year.

The correlation among exports, imports, and output, which was established at great pains, has been disrupted, so that by the logic of the thing the same sequence of events will follow and there will be a spiraling decline of exports, then imports, and then output.

The other thing that has affected foreign economic relations is that last year at this time organizations of associated labor had foreign exchange accounts, which were abolished at the end of the year, and all used them to purchase the largest quantity of production supplies they could, and at the same time they took advances for the beginning of the year, since they opened letters of credit. Now we have unpaid bills and letters of credit which were opened in the amount of \$195 million, although we have a very large inflow of foreign exchange. It amounts to about \$400 million more than during the first 9 months of last year. To be sure, we also have a larger outflow, but the exchange balance is \$210 million better than last year. Still we have difficulties in making payments, and now, as we approach the end of the year, they will be still more pronounced in my opinion.

Organizations of associated labor in SR Croatia now hold rights to import about \$1.2 billion which have not been exercised. And the maximum inflow of foreign exchange that could go for the exercise of those rights will be about \$500 million, it is estimated, since we have large fixed and guaranteed obligations in the last 2 months.

Accordingly, the transition from one year to the next will be very complicated even though the situation at the moment is such that we actually have somewhat larger stocks of raw materials than at the same time last year. It is obvious that we must anticipate great difficulties at the transition from one year to the next, especially in the 1st quarter of next year.

Why Has the Ability To Develop Deteriorated?

VJESNIK: The position of the economy of SR Croatia is especially delicate in this, and in this connection we start out with the overall delicate situation in the Yugoslav economy. The indicators are especially unfavorable in our republic?

Markovic: There are several elements which have contributed to the considerable deterioration of the ability to develop of the country as a whole and of SR Croatia in particular.

It is characteristic of the country as a whole that a portion of the capital generated has been siphoned over into consumption instead of expanded reproduction. The reduction of resources for development has been significant even from this standpoint. For example, in SR Croatia government and social service expenditure have risen once again from 22.2 to more than 24 percent. The share of personal incomes in the distributed net income over the first 9 months of this year rose to 68.7 percent from 61.2 percent over the same time last year, and the share of the business fund dropped from 28.9 percent to 22.2 percent over the same period. These relations speak for themselves. But the basic problem is not that unearned personal incomes have been divided up, thereby diminishing resources for development, but above all that this kind of growth in the total amount of personal income was not used to stimulate the good ones to be still better, which would have motivated the subjective factor to commit itself still more to qualitative changes and thereby create room for better results and larger income tomorrow. Unfortunately, this also went exclusively to consumption.

As for SR Croatia, this has been influenced above all by the change in petroleum prices on the world market. The capital generated by INA, for example, dropped this year by about 123 billion new dinars. Can you imagine what it will be over the next few years?

The drop in the accumulation of INA did not free our republic of appropriations to cover fixed obligations, including the fund for the underdeveloped, so that toward the end of the year we must make decisions about raising the rates of contributions of other organizations of associated labor. The increase in contributions for the underdeveloped will therefore amount to 35 percent of accumulation for some organizations.

Once again, because of changes in the foreign exchange system and also the insufficient stimulation throughout the entire export industry, our accumulation has diminished considerably. The share of exports in the gross income of SR Croatia over the first 9 months of this year fell from a low 10.8 percent to the still lower 8.9 percent. Everything that has happened in the export sector over the last 1.5 years, especially over the last year, has had the result that prices on the domestic market have been about 40 percent higher than export prices. I think it is clear what this means for all those who are oriented toward exports, especially tourism.

Although we still do not have the real figures, all the signs are clear that we will be considerably poorer and less capable of development than earlier, and a manifestation of this lies in the fact that we have been unable to arrive at a balanced budget. Everything that has been happening concerning the budget is a manifestation of that situation. Earlier we were able to arrive at a balanced budget for each year with relative ease. But as you see, this year the fiscal year is being extended by at least 1 month, if not 2. At the same time even now there are no real solutions in sight as to how to overcome that portion of the rebalanced federal budget in the amount of 27 billion dinars. In all, we have to get 50 billion, 23 billion of it for the republic and 27 billion for the Federation. However, as far as those 23 billion are concerned, to a large extent they contain those benefits which are going to agriculture, and then a certain portion is going to cover exchange rate differences. Our tourism has fared considerably more poorly, as have also the measures undertaken in agriculture; once again they have been financed from the republic itself. This resulted only in a siphoning from one place to another, it did not bring any qualitative change.

And we must add to all this the losses, which also have an impact on our ability to enter into something new. There is a particular problem here in a segment of the petrochemical industry, the electric power industry, and the railroads, but above all the Business Bank of Zagreb (Privredna banka Zagreb) where most of the debts to the past have accumulated; unfortunately, they are such a heavy burden that without additional efforts and agreements at the level of the Federation, especially concerning exchange rate differences on short-term lines for importation of petroleum in 1980 and 1981, it will be insoluble. Including them in Point 8 of the Order on Setting Prices of Petroleum Products is more than imperative, since all of us in the country consumed that petroleum.

VJESNIK: How can we "put a stop" to these adverse trends? Obviously the place where we are now demands a different attitude toward problems, not only a redistribution of what exists, but also new programs and new investments.

Markovic: The main thing now is for us to open up the process for new programs of development which make it possible to keep pace with the world. After all, things are connected. That is, we cannot enter into new development unless at the same time we are able to import new technology. We cannot import new technology and know-how unless we have the foreign exchange, and we will not have the foreign exchange unless we export, and we will not export unless we have new technology. That closes the circle. Somewhere we have to cut it. It is obvious that our entry into a new development which will reproduce the present structure could only cast us into further problems. The new development must deal with our inability and the structural problems which are preventing us from becoming a part of the world market on a considerably higher level and with a different kind of exchange.

According to my personal calculations, we need to achieve a growth of exports between 18 and 20 percent a year up to the year 1990 in order to provide the preconditions for stabilization of foreign economic relations, i.e., for the necessary level of the growth of output to cover our own consumption and debts to the past, but also to meet the need of repaying obligations and opening up the processes of new development.

At the same time, it is not that the funds are lacking for the programs we must enter into, but that the organizations which must undertake them do not fulfill the legal minimum so that they might invest. The banks must support and equip such organizations to fulfill the legal conditions so that they can undertake new development and carry it forward in their own interest and in the interest of society as a whole.

Programs formed on the market over the last few years, especially those oriented toward exports, have been interrupted, and they should be linked together as soon as possible so that the subjective factor makes its contribution to correcting this situation.

Real Solutions, Changes for the Better

VJESNIK: You are emphasizing what obviously is the basis of our prospects. In that context what are the basic real solutions that would contribute to the unified process of halting the adverse trends and accomplishing a change for the better in economic flows?

Markovic: They would first include initiating a process of new development, which at this moment does not exist and which in coming to life must make use of resources from foreign sources of credit and from the banks as well as personal resources of the population as much as possible. What has priority here, the most important thing, is for the resources available and assembled to be invested to the maximum possible degree into profitable programs oriented toward development and exports, rather than being used to cover losses, which certainly does not contribute at all to constructive results in technical and technological development.

Then there is opening up to the rest of the world and augmenting total exports of goods and services, which essentially have the same importance as development itself and must be based on expansion of exports by activation of all the elements which practical policy can count on in the coming year. This process is not as essential as it is solely because of the opportunity to pay off the debts--which is very important, no doubt about it--but also because of the foreign exchange necessary to purchase new and up-to-date technology. After all, it is the purchase of up-to-date technology and know-how that makes it possible to overcome the economic lag and become an equal part of the economic and development flows of the rest of the world. That is, it must be borne in mind that the year 1987 must bring a qualitative change of direction in the form of a significant growth of exports of goods and services since in 1988 the grace period expires on the rescheduled debts, and every attention needs to be directed toward providing sufficient convertible foreign exchange to pay off the debts that come due on the one hand and at the same time to regularly purchase up-to-date technology and production supplies so as to avoid any lag whatsoever relative to the rest of the world and to guarantee a high growth of production. In practice this presupposes that a maximum effort is made on behalf of this commitment and activity is directed toward adopting sound legislative provisions concerning foreign exchange and other matters. It is also indispensable to move realistically away from what we have and what we possess and to make it possible for the entirety of development to be based on exports of goods and services and to stimulate investment and the sale of foreign exchange by individuals.

Third comes the firm and real commitment to economic laws and the laws of the market, not merely verbal and declarative acceptance, when essentially this amounts to a further reliance on predominantly administrative decisions in the sphere of economic development. These real commitments must be pursued in real and everyday life through legislative regulations conceived on real economic and market principles, with administrative interventions left only for correction. This applies both to the right to set prices and thereby assume responsibility for one's own destiny and also to treatment of the real exchange rate as a precondition of our competitiveness and of real rates of interest, which are a condition for considerably more efficient use of capital.

Within the context of this process it will continue to be essential to include the function of associated labor and self-management decisionmaking in all the processes of social reproduction and further development of the economy's orientation toward export, since this is the only way in which it is possible to initiate the new processes which will bring about qualitative changes and greatly augmented new values. This approach and its realization will facilitate easier and more realistic planning and will help to open up prospects and broaden the space for self-management, whose real space at this moment has been restricted to the extreme limits. It is in that light that among other things we should analyze the problems of losses and the possibility of emergency financial rescue. The essential thing here is to distinguish those organizations of associated labor which have gotten into an unfavorable position either because of the momentary situation or because of the administrative measures of government regulation, but have real possibilities for recovery and profitable business operation, from those organizations which have incurred

a loss because of subjective factors and uneconomical business operation. Only when economic criteria are included should the possibility be opened up of financial rescue and recovery of organizations that promise to be profitable. That is, put simply, the resources available are so small and inadequate that it is not possible to undertake the measures in emergency financial rescue programs thoughtlessly and without satisfying firm economic criteria, since the losses in the economy have yet to show their true face and will have an essential impact on capabilities for development and on the liquidity of the entire economy.

Finally, there is a need to prevent the hampering of motivation for development on the part of the producer and associated labor with professional motivation and motivation related to self-management; here the question of survival through the personal income must be linked most directly to the actual achievement evaluated on the market. This presupposes that producers who are creative and have progressive capability--those who ordinarily "carry development forward"--should realize a high personal income, and unprofessional and incompetent work should be subjected to economic categories rather than enter into a dialogue with the government about rights in distribution regardless of the output achieved. Consistent with this commitment we can talk about long-term inclusion of tax policy, which must be specifically aimed at motivating the individual, the group, and associated labor as a whole for the largest possible achievements, but at the same time it must tax as severely as possible income that has not been earned or has not been derived from work.

The Unusability of Conventional Categories

VJESNIK: This entire process presupposes a radical change in the technological foundation of the economy. It is not a question, then, of conventional renewal of the stock of machines, but of altogether new solutions in production and technology?

Markovic: It is not just a question of technological development. Actually it has to do with the fact that the most advanced part of the world has begun to enter the information society, which is probably the beginning of the process of entering the postindustrial society, in which it is not just that the technology changes, it enters into all the pores, into all the flows of life, and into life itself. And that calls for new and completely new attributes. Unfortunately, we have not yet taken a step into this qualitatively new development, since it is not a question of whether our output is growing, of whether perhaps our economic categories are growing in the conventional sense of the word. They may grow without their being any development at all. Likewise, as is well known in the world today, there can be very great development when in essence there is not and won't be an effective essential change in the results of production.

It should be realized that at this point, at this level of development in the world, for every year which we lag behind this development today, we are actually falling behind what would have been 5 years back 10-15 years ago, or even what would have been 10 years back 20-25 years ago. It is clear what this means from the standpoint of the development of our system, the development of

our system, the development of our society, and the development of our country. We therefore have to make it possible for our citizens, our working people, by becoming part of that development, to secure for themselves not only standard development, but comprehensive and human development which will make it possible for us to become part of world flows on an equal footing.

VJESNIK: What has to be done in order to initiate that process?

Markovic: That process which we ought to enter into is not possible unless we open up to the rest of the world. Only on that basis is it possible. Any exclusiveness leads us into a still further lag behind development. And it is no simple matter to open up to the rest of the world concerning development. After all, you realize, when we opened up to the rest of the world, we did so in a contradictory way, and we shaped the kind of development which has shut us off even more than we were previously. In any case now we have to enter fully into the process, since we cannot keep pace with the most up-to-date development without opening up toward the rest of the world and without developing and advancing from what we have. We have to start out with what we possess. What we have is, for example, shipbuilding. As it stands it is capable to enter the world. Perhaps tomorrow, in 100 or 200 years, it will no longer even exist, but if it will not exist in 200 years, today it must be the carrier, if I might so put it, even of what perhaps might tomorrow be its negation. Some of our theoreticians do not understand this. We have to make it possible for what we have to be modernized and to strive forward and at the same time, under the influence of the battle for a place on the world market, to make essential changes in technology, assortment, organization, and thereby the productivity of labor, to essentially alter the efficiency of the capital employed, to increase the qualitative factors as a whole. Otherwise everything we are talking about now, as I have already said, is largely a discussion of the hole in a nonexistent doughnut. We will not accomplish anything merely by the usual redistribution of what we have unless we create a new value and carry out a redistribution in that process. That is, we obstinately desire to redistribute poverty, and then we shut off every process of development and actually create still more poverty!

VJESNIK: Have the preconditions for such changes been created in society?

Markovic: That is not a simple matter, it is very painful to enter into that process, but our society does have the capability of it. It has the capability, since it has already solved some of the fundamental issues which are arising today in the world as problems of present-day development, as contradictions in that development, the right of people to govern themselves. The second question is whether we are exercising that right or not and to what extent we are affording the possibility for initiative to be displayed and developed, for incentive and motivation and the like to develop. Third, and this is all connected, we cannot enter into present-day development and open up to the rest of the world without accepting the operation of real economic categories regardless of whether they are the result of real concrete values of embodied labor on the world market or are also the result of relations between the blocs or the influences of certain multinational companies and so on. We cannot alter those circumstances, but we can make use of them in our own interest.

In that connection the question is now arising of whether we should then develop economic categories, real economic categories, market categories, and develop the system in their framework, or primarily develop the system as an administrative system, as a government system, as a distributive system. That is the dilemma we now face because of our present difficulties in development. It is obvious that from the standpoint of development the answer would seem to be very simple, but when you find yourself in a concrete situation, then it is not so simple, believe me. After all, we often find ourselves in dilemmas between desiring two things at once; we wonder where the optimum is. I think that we should not say that there do not exist pure economic categories and that there is no pure market anywhere in the world. Of course, it is not from that standpoint that I am speaking, but rather I am speaking from the standpoint of the direction in which processes should go: Should market reasoning be their point of departure, and then those considerations would be corrected and adjusted by agreement and self-management, or should government regulation be the point of departure, that is, is that what we should start with, and whatever is left over would go for the other? That is the key issue, i.e., how much dominance in a particular phase of development is to be given to one, the other, or some third. That is the issue of the processes of the development we are entering into.

It is a question, then, of a new concept of development, not of reiterating what has been around for years and which is now being offered once again. And now it is being offered only as a compromise. We are being offered combinations of labor-intensive and capital-intensive investments. That was fine 10 years ago; at that time we were entering only into capital-intensive investment projects. In this phase we must place technology-intensive investments in the first place, and then a combination of capital-intensive and labor-intensive investments, without which in this phase of development we also will not be able to solve the major problems of the infrastructure nor deal with the large number of unemployed.

We have no other choice today but to commit our resources to what represents keeping pace with the world, and that cannot be capital intensive, since we do not have the money for it. We do not even have sufficient resources for labor-intensive investments. And until we are ready to open up new processes in development, we will be taking capital away from those who are competent and giving it to those who are incompetent, since we will be taking the line of least resistance. That is why we have to invest resources in new development, and there will not be any resources for emergency financial rescue of those who are incompetent.

The Walls of External Exclusiveness

VJESNIK: The differences in level of development of the various parts of the country are growing more and more, while at the same time we do not have satisfactory growth even for those which are most highly developed. How is this contradiction and discrepancy to be resolved, but in the context of the needs for development?

Markovic: It is our commitment and our obligation to aid the development of the underdeveloped. It is quite clear that there is no opportunity for stable and long-range development unless everyone is willing to "sacrifice" some of what he has in the interest of someone else's development.

Yet it is not a question merely of sacrifice, but also of the fact that large differences in development can also have an adverse effect on the one who is more developed.

This is a global question not only for us, but also for the world, just like the relation between north and south. In our country it is absolutely in the interest of the more highly developed regions of Yugoslavia for the underdeveloped regions to develop more rapidly. In this connection it is extremely essential that the resources involved are committed to production, are made to serve a strengthening of self-management socialism, not a strengthening of autarky.

The resources for the underdeveloped must also be a factor contributing to specialization of the Yugoslav economy as well as this integration throughout all of Yugoslavia. Of course, these are also some of the preconditions for creation of the unified Yugoslav market. After all, we cannot open up toward one another until we open up toward the rest of the world. All of our internal efforts to open up collide against the wall of external exclusiveness. We have to open up toward the rest of the world, we have to initiate that process of opening up in the direction of integration. Through interaction this can result in the Yugoslav market which we actually do not have.

VJESNIK: And what does all that mean for work organizations?

Markovic: Those work organizations, you see, which have outgrown the needs of the country no longer have a choice or alternative--they must go onto the world market. They might also pull along the development of the entire country, but they cannot do so if going out into the world impoverishes them. We have built a large number of parallel production capacities, but that would not be a problem if those capacities were oriented toward exports. We will never have enough capacity oriented toward exports. However, these parallel production capacities of ours were built for Yugoslavia and do not have a capability for the world market. It thus turns out that they are always dividing up the same pie with an ever smaller employment of their own capacities. When industry is oriented toward exports, then even when the system is not favorable to it at all, it has to go into exporting. Production and exports are not increased out of some altruistic reasons just because people love this country. When there is no work in Yugoslavia, one has to go outside. However, when consumption in Yugoslavia has grown, this has offered an opportunity to become part of that consumption at higher prices than abroad. If it is possible to make sales at a higher price and with less work, no one is going to enter into the battle on the world market. The orientation, then, should be toward building up the kind of economic structure that is capable of going out into the world and for which the Yugoslav market is small, since there is no problem in having large capacities for export. We have our largest parallel production capacities in the textile industry, but it is 60-70-percent oriented toward exports.

VJESNIK: What is the place of small business in the orientation of development, and to what extent are we counting on it?

Markovic: In our republic we have committed ourselves, I at least hope so, to undertaking the development of small business. In any case, not a single socialism has so far actually resolved several things, several fundamental issues. First, not a single one has solved the problem of motivation, and second, not a single one has solved the problem of the standard of living. And one of the things that solves the problem of the standard of living is that small business sector. After all, there is no development without those things that a large system can do, but it is not capable of dealing with the everyday needs of an immense number of people. This also includes services and the like.

Today we are making preparations and specifically opening up the way for small business through legislation.

In specific plans and programs we will also be committing resources of banks, and we will even be attracting funds from abroad, especially from Yugoslav workers abroad, and that will be related to our development. After all, we will not be able to enter that development I have been talking about unless we obtain new and additional real capital. We have only a few sources of this: to borrow abroad, to open up broader opportunities for investing the foreign exchange of our citizens, and to obtain dinars from our own nationals. Accordingly, it is absolutely in our interest, and I would even say it is more than our interest, it is our absolute necessity, to open up that process.

We have committed ourselves to small business, but do not suppose that that will not constantly be reassessed over and over from the ideological standpoint. Some of the things that happened in implementing this concept will furnish arguments to those who will call it into question, and there will be another reassessment of the mechanism by which this commitment is implemented.

VJESNIK: But obviously there cannot be any development of the small business sector either unless we have a real tax policy, and this also touches more broadly upon the problems we confront.

Markovic: One of the great weaknesses in our society is the neglected tax policy. I have had a great many debates about tax policy. I favor introducing a tax policy, and we must have it. But everything cannot be solved with taxes; tax policy is something we still have to study. We know almost nothing in this area. And I, to tell you the truth, would be rather restrained in tax policy until certain things develop, and then when I saw where the grass was higher, that is where I would clip it closer.

Tax policy must have its developmental aspect, it must also have its economic aspect, and it must have its social and class aspect as well. It must have all these things. Since I have worked quite a bit on the shaping of our tax policy, I would strive to incorporate all these elements. We would build them right into our development program. As an approach, of course, but now this needs to be realized in specific terms. It is now being said that we should

build a unified tax policy and unified tax system. We can build a unified tax system, but we cannot shape a unified tax policy. In Obrovac, for example, we cannot have the same tax policy as in Dubrovnik or Porec, much less throughout all of Yugoslavia. We have to leave tax policy to be dealt with in the particular jurisdiction.

Establishing Contact With Knowledge and Taking It Over for Ourselves

VJESNIK: What are the new technologies we should turn toward?

Markovic: I personally think that there is nothing we can do in the development of new materials and space technology. In that respect we must rely on the development of others, applying that development, using our ability to take over what works best for us. We have no chance whatsoever if we are autarkic. We should not repeat the mistakes made in the earlier periods of the country's development. We ought not to commit ourselves to knowledge substitution instead of import substitution. We will be lucky if we can establish contact with that knowledge and carry it over to ourselves and then enrich it.

VJESNIK: Could the adoption of achievements of present-day technological development help to change our country's position in international relations?

Markovic: Our position in foreign policy is clear. In that sense implementation of the principle of nonalignment is actually related most directly to problems of development. Imagine how much greater would be the role and importance of the nonaligned movement if the economic situation of most of the member countries were not characterized by underdevelopment and all the accumulated problems related to it. Our country's modern development means above all our internal strengthening, which is then also manifested in our activity in international relations. So, adoption of the achievements of present-day technology and everything I have presented in connection with the new process of development essentially signifies a further strengthening of our position in international relations as well.

VJESNIK: One of the forms of cooperation which affords the possibility of establishing contact with the knowledge of the advanced countries is participation in the Alps-Adriatic Work Community. How do you evaluate that project?

Markovic: Good neighborly collaboration on an equal footing has always been important to our country, and it must be expressed in something more than formal ceremonies. All of our republics have been developing specific relations with their neighbors and thereby making a full contribution to the conduct of Yugoslavia's unified foreign policy.

Now that you have asked me about this, I will state my personal opinion--the Alps-Adriatic project is a specific form of socialization of our unified foreign policy which is of benefit not only to those who are most directly included--Slovenia and Croatia--but also to the entire country. Objectively, there is a very great need for cooperation among all 11 members of the community. Not only on matters of culture and science, technology, the economy, and so on. Without that interest there is no organization that could bring

together members who are so different in their orientation, but also in their level of development.

SR Slovenia and SR Croatia have made a contribution to Yugoslav integration with the world in the Alps-Adriatic Community, guided by the principles of our foreign policy. The community has entered a phase on a higher qualitative level: it has moved out of the period of looking for opportunities and ways of cooperation to specific programs which are of very great interest to us. In the future Yugoslav organizations will certainly be involved still more in the community's projects.

It would seem that we still do not know enough about the essence, organization, and goals of the Alps-Adriatic Work Community, but still there is fear of opening up to the rest of the world, and for that reason a failure to realize that present-day development presupposes an abundance of organizations, forms, and methods of initiating that process, something that cannot be done with the rigid schemes that exist only in some people's heads.

Now that we are speaking about specific programs for cooperation, it will be much easier to explain and set things in motion for joint cooperation. If things were to develop as they have up to now, then it is certain that this kind of cooperation can only develop further and that this is in the immediate interest of our entire country.

Investments Have Gone Into Noneconomic Activities

VJESNIK: We obviously cannot enter into new programs merely by redistribution of what exists, but must do so with new investments. What ought to be done in order to provide the capital, especially in the area of exports?

Markovic: There is no question that exports are an imperative for us at the moment, but they are also a primary imperative in our development, although there have been many reproaches about unselective exporting at any price. First of all, then, we must export everything that can and must be exported. We dare not have any illusions about any sort of selective exports both in this situation we are in and also in the phase we are in. Thanks to restructuring we might in a year bring about a qualitative change so that we could concentrate on finished products, products capable of holding their own with respect to labor productivity and efficiency on the world market and of augmenting exports by several billion dollars. What new things could happen along those lines in a year? Nothing, or almost nothing!

We must undertake to export without mercy, since otherwise in 1988 we will be "dueling" with the International Monetary Fund without prospects or will agree to undertake harsh self-denial, which we already know something about, or on the other hand we will have to accept the dictate of our creditors, and we also know what that means.

Accordingly, we do not have a choice. What I favor is not exporting a little bit of everything, but judging our own production against exports regardless of whether those products are being exported or not. That is where we have to

get. The producer who is not exporting must be capable and willing to do so under the same standards which the world market demands.

If you think that someone is going to learn to swim by looking at how someone else swims, you are deceiving yourself. He must jump into the water, and if his income depends on it, he will change his attitude very quickly. But if it does not depend on it, if someone else solves the problem for him, then he has no incentive to become involved in it. Unfortunately, structural changes of this nature, we have been speaking about, do not happen overnight, often not even in 5 years. If we think that in a year we can alter the structure of exports, then we are wildly mistaken. Do you know how much time it takes from the moment not of entering a new development, but of purchasing a foreign technology, to translate that into its capabilities, and until you begin to produce, until you achieve quality and can begin to go on the market with it--do you know how much time that takes? Two to three years. Depending on the kind of production it is, it could take longer or not so long.

What is needed for this is a concept of development, features of the system, and support for long-range and short-range economic policy, and also the involvement of the banks. It is through all this that resources should be committed to programs of organizations of associated labor oriented toward exports, and they would be required to augment exports and to achieve above-average results.

VJESNIK: Unless respect is paid to the operation of economic laws and the laws of the market, what you have been talking about will not be achieved. Will we have the courage for the kind of change of direction in which not everyone can be happy?

Markovic: There is a fear that by respecting economic laws and the laws of the market we will have to liquidate a large number of enterprises and that then unemployment will eat us up. We have to have the courage to initiate that process, and there must also be a willingness for some programs and certain enterprises to be liquidated as its secondary consequence. Believe me, the liquidation of an enterprise like Obrovac 4 years ago did not fail to have an impact on behavior in our republic. We changed some relations at that time, and they began to yield results. However, now everything is being socialized all over again. Which means that we have to begin to initiate the process in which the market will operate more and more. What is now happening in certain areas has completely distorted the picture.

We have had conversations in a number of organizations all the way from Dalmatia to Zagreb. "Pliva," say, is the most characteristic example. They say that out of several hundred of what they call packages and forms more than half have a price at the level of the raw material, and in some cases the price of the packaging is even greater than the sales price.

The government must have an influence, but let it choose, let it take energy over, raw materials, and let it regulate them. That will represent between 10 and 15 percent of the product mix, but it will have a great influence, perhaps even more than 50 percent, in the movement of prices. Today we have the

reverse situation; the electric power industry, for example, itself sets rates or at least is supposed to, and the price of aspirin is set by the government. That is topsy-turvy.

I agree with your opinion that there is no real commitment to economic laws and the laws of the market. Unfortunately, we still have Pharisees, so that people commit themselves to something in principle, but when it has to be applied, especially to their own conditions, they find reasons for justifying why that ought not to apply to them.

However, I think that it is already an important sign of progress that today the great majority declare themselves to be in favor of the operation of the market and economic laws. That is a great plus. Accordingly, something is changing under the pressure not I would say of consciousness, but under the pressure of the material aspect.

No One Is Against the Market Any Longer

VJESNIK: The economic crisis has been creating more and more room for those who take the position of "poverty for everyone," and the processes on which you were insisting have no chance unless there is differentiation in remuneration.

Markovic: One thing is certain, that unless we open up the processes of motivation, we will not push to the surface those personnel, nor will we bring to the surface those organizations, institutions, and parts of our country which will be able to pull us into the process of development. And there is no motivation unless there are differences, there is no motivation without differentiation. Of course, our society is very humane, it must have what today it does not yet have, a thoroughly worked out social welfare policy and policy of solidarity. However, we are always pursuing a strategy whereby our social welfare policy and policy of solidarity choke off motivation. Let us make them separate, let us make them coexistent, and let us initiate a process of motivation which will create differences so that we extract surplus value from them and thus diminish differences in the future, but at the same time we would finance social welfare needs and the needs of solidarity!

In our development, in the humanization of that development, we have created a certain social service expenditure and a certain government expenditure, and indeed even personal expenditure which in this phase it is not so simple for us to do without, and now we would like to create room for a development that requires immense resources and at the same time retain or develop further the consumption we already have, all forms of consumption, maintain a high level and achieve a still higher level of solidarity and the social aspect of policy. But that doesn't work, it can't be done! One reason I say this is that it is not realistic for us to suppose that we can solve all the problems of the lower standard of living under these conditions. We are real people, we are conducting a real policy, we cannot promise people what we cannot deliver, since if we do so, this will be good only for a moment, but it will jeopardize and negate our development.

It certainly is not realistic to expect that we can solve all the problems which arise, all the way from development to social welfare, in the same way. We cannot even come close at the level of our development, at the per capita level of income which we have.

VJESNIK: One part of the dissatisfaction can be seen in the work stoppages, which recently have been changing their characteristics.

The Long Trousers of Self-Management

Markovic: It is a characteristic of these strikes, you realize, that they are all turned more and more against the government, and less and less against themselves. But this is not for political reasons, but because other people are setting the prices, and by the logic of things, on the basis of who sets your conditions, you feel as though you are in the wage relation. Accordingly, you begin to revolt against the government. There is a danger that all our structures in the economy--from the doorman by way of the milling machine operator to the enterprise manager will enter into this kind of what we might call revolt against the government. Instead of our forcing them to confront their own situation and solve their problems with their ability or inability. Are their products really competitive or aren't they, can they import in order to be able to produce, yet they must export in order to have the foreign exchange, and so on? That is an altogether different relationship. We have to develop this as a precondition of our self-management.

I think that the time has come with this self-management, after 36 years, for us to acknowledge its right to take off short pants and put on long trousers. That presumably ought to happen after 36 years.

A prerequisite for all that is that we have a consistent social welfare policy and a policy of solidarity, but it must also have limits which cannot be crossed. But crossing that Rubicon signifies going back, to the inability of financing that solidarity. This has to be understood. After that we should have the courage to initiate the process of motivation.

In any case the wrong climate has been created in our country, since you tell me where, in what workplace, it is shameful to be an idler? You just name me one such workplace. But it is shameful to be a good worker.

It is shameful to work. It is not shameful to incur losses, it seems to be shameful to have high income and to generate a large amount of capital, since then everyone puts you on his agenda. It is no shame to have small income, but only to have high income. We have to turn those things around.

VJESNIK: In the area of legislative and government regulation things are not what they should be either. The overproduction of laws and the torrent of normativism seems to have put fetters on authentic self-management and the initiative of the producers.

Markovic: In one phase of development, when we initiated the process of self-management developmental socialism, we did a great deal more by way of practical verification of solutions. At that time the highest leaders came to us in

work organizations to ask how did you work this out, comrades, or how did you solve this or that? Later all of that became completely administrative, and an attempt was made to normativize it. The essence and the process itself were negated thereby. In the present phase, unfortunately, we are confronting this once again.

Out of fear and burdened with the past and certain conservative and indeed even dogmatic views, when the laws are being written, an attempt is made to write down everything in them so that no one would take advantage of us as a society, so that no one would trick us, so that no one would initiate some other process, and so on. So, that is also happening now when we find ourselves once again involved in changes.

Recently, for instance, I was asked what I thought, what would happen with the foreign exchange system, the system of foreign economic relations, which obviously, which had proven in practice, to be a great mistake. It negated precisely what I am talking about. However, the essential thing now is not what I think in this connection, but what our real relations are and what can be expected from those real relations in which all of our contradictions are to be found, contradictions which are real and present. Those are contradictions in the level of development, in development, but there is also an ability to go out into the world on a modern footing. We have all of that present among us. That is why we must take every reality into account; we cannot escape them, and we should not expect life to be crammed into legislation overflowing with normativism. Reality will not obey normativism. Reality does not go like that, it does not like it, it is mean.

The Vicious Cycle of Leveling

VJESNIK: Does the new process of development at the same time signify a qualitative change with respect to the strengthening of the foundation and liberation of the potential of self-managed socialist democracy?

Markovic: Present-day development demands both concentration and at the same time ever greater decentralization. Concentration requires basic fundamental development, and applications are no longer possible without ever greater decentralization and dispersion all the way to distribution, and this is evident in the countries with the most up-to-date technology and in the largest systems. Actually it is coming closer to our system in that respect. So, present-day technological developments are not in contradiction with our self-management socialist system, not at all. In one phase of development even that technology will not be able to develop further unless it relies on people's self-management.

Building a unified concept of development does not presuppose the administrative and centralistic approach as a necessity. What we need is the optimum system of the division of labor. This is where we are failing, and we are unable to get out of the vicious cycle, since we are fighting for leveling among people, enterprises, regions, and so on.

If we look at world development, then we can say that in those countries which have gone furthest in development the greatest portion of personnel are in their business organizations--that is where all of 80 percent of the specialists are concentrated. It is a characteristic of the underdeveloped world, however, that about 90 percent of personnel are concentrated in centralized institutions, not in the business world. It is obvious from developments in the present-day world that the countries of real socialism have entered a crisis in their development. One of the reasons for this is that there is a large gap between the centralization and concentration of specialists in institutions outside the economy and those in the economy. Accordingly, our development cannot be based on opening up new centralized institutions, regardless of whether they are at the republic level or federal, but by strengthening development in organizations of associated labor.

When we were drafting the development plan for the republic, we said that we have to link exports as a way of opening up to the rest of the world, and then research, education, and also the creation of a network for expansion in the world. That should be a unified concept and it should be developed in a unified way. I am against administrative organization, but this does not mean that I am against certain development functions being under the sponsorship of the government. They should exist, but in principle the point of departure should be the nonadministrative aspect--in economics, in self-management, in business logic, and then let there be some correction from the governmental aspect in everything that the economic, the business, and the self-management aspects are unable to deal with.

Unfortunately, the strategy of technological development originated in administrative reasoning. Its point of origin is the government instead of being the organization of associated labor and the capability of that organization of associated labor, not only because of our system of self-management, but also because the experiences of the most highly developed countries confirm this, that they ought to be the vehicles of that development.

VJESNIK: What changes in the political system must consolidate the preconditions of development?

Markovic: We must carry out all the changes in the political system so that they serve our basic commitments as to the concept and development. After all, if our solution acts counterproductively within the system in view of the basic commitments to development, then they cannot be good. Every solution must be reevaluated from this standpoint.

This applies not only to the constitution and the Law on Associated Labor, but to our legislation in general. If they are our point of departure, then someone might ask whether the constitutional changes now being sought represent a lengthy road and a long time for reconciliation, might ask whether they are therefore possible, and whether they will be made in the best possible way to assist this process I have been talking about? I would put that question differently, i.e., would it be good if we delegate to some group or person to produce the best there is, and then all of us would just salute and carry it out, or should we undertake to seek out the best through a process in which we

honor all the contradictions and the problems that exist among us, even if we do not find the best solutions? I will always be in favor of the latter, since this is more democratic, more humane, and essentially more optimal than the former. That is why I do not have dilemmas; I am in favor of this self-management commitment of ours, even though it contains elements of the inefficient, but in the course of the process we must overcome that and we must not allow it to be replaced by something else.

Pressures of All Stripes

VJESNIK: The general political and security situation also has a significant influence on all of our problems of development and economic problems.

Markovic: We are not a society that lives under sterile conditions, with no "bacilli" around us, that is, without those who want not only to correct the system, but even to alter it essentially, people who see this as their opportunity to come to power. We would be very naive about politics if we thought that there were not a very marked struggle for power behind many issues, a struggle indeed on the part of those who once were in power. We are not indifferent to the kind of political-security situation we have and to the kind of measures which have to be undertaken.

In the recent past there has been a particular increase in the pressure to change the system. Those committed to this run all the way from the rightists to the ultrarightists, i.e., the terrorist forces, and then to bourgeois democracy itself, which demands the multiparty system. There are also those who want us to go over to real socialism, and those forces are basically dogmatic and unitaristic. They all think that de-Titoization is a precondition for undertaking a change of the system, to negate AVNOJ. The charge is being made against the LCY and Tito that there is a Comintern and Stalinist content hidden behind quasi-humane facades. It is just that something very essential is being forgotten. Thanks to the generation expressed by Tito, Kardelj, Bakaric, Vlahovic, and so on, we have democratic socialism, which is based on self-management, on the power of the working class, on equal relations among the nationalities and ethnic minorities within the framework of federal Yugoslavia, one which is based on all those forces in the world which are not giving in to the blocs. These are the great values of the system, and they cannot be offhandedly called into question or altered, and many people in the world who are today abandoning the old systems are just starting out in this direction.

The Background of the "Cases" Which Have Multiplied

VJESNIK: It is symptomatic, but also dangerous, that all of this has been happening in a time of crisis, when society is much less resistant to this kind of challenge and assault.

Markovic: It is no accident that a time was chosen for this in which we have a great many problems in our development and economic problems, problems in the political system, and so on. At the same time there has now been a large change of generations, and they judge that there are no longer in the leadership those "heavyweights" who were there earlier, and that now it is possible

in a struggle for power to deal more easily with those who today--according to them--hold that power in their hands.

We dare not forget that the Croatian and all other nationalists are exulting over the problems we have been having. They see an opportunity for themselves in that. There has also been a linking up in order to exert pressures from cleronomationalistic positions as well as reliance on the very militant circles abroad. The unitarists in our country are also emerging more and more at present on the same line.

At this point I would not enter into what is more serious, since I do not even think that this is essential at this moment. The essential thing is that we are aware of all those forces and the dangers that exist, which exist in real terms, which desire to alter our system and to take power.

VJESNIK: The situation is also burdened by increasingly numerous "cases"...

Markovic: Yes, those "cases" which are talked about have also been happening. They exist and they will exist, and we will not be able to stop them, but we dare not allow those "cases" to be honored, as though they represent an expression of the real identity of our system, of its creators, and of what they have made. Ultimately there is no process anywhere in nature which yields 100-percent efficiency and that does not exist with people either. Ultimately the essential thing is not how many mistakes there are somewhere in some system, in some party, in some policy, but rather the important thing is whether they are quite marginal or they are at the basis of what has been developing and what represents the basic commitment. But one of the persistent desires, taking us back to the "cases," is first to identify them with the whole, and then to preoccupy us excessively by getting us involved with them. We will not find a way out of what we are now talking about if we are always coming back to preoccupation with ourselves.

If we single out an individual "case" we cannot look to see where society went wrong, and then by rehabilitation to issue a charge against some person or the entire movement which created everything we have. This is the essence of the assessment which we are offering and which should be taken into account. If there have been mistakes and injustices, and it is impossible that there should not have been any, let them be corrected within the framework of the system. There are institutions which are concerned with this, and let them work on it. We must orient the basic forces of society in the direction I spoke about earlier.

We have ascertained that the basic prerequisite for resolving the political-security situation is to deal with the economic aspect, that is, to deal with development.

The Foundations of Realistic Optimism

VJESNIK: In expressing our gratitude to the chairman of the State Presidency of SR Croatia for this interview, we asked him to conclude by stating a brief message concerning the problems and prospects he has been talking about.

Markovic: I personally have no illusions that we can do everything in a simple way and overnight. We have a large debt to the past which is weighing us down, which represents a limit on development. If we now accept a concept of development, when we enter upon it, it will open up new problems which will seek new solutions. In this we should have a dialectical approach, not the static one that is often present in our reflections: "when we finally...." That "final" never comes. We can agree about that phase which will initiate the processes, and those processes will necessitate new solutions, and then there will also be new agreements. Assuming a willingness to open up roads of present-day development, to initiate a process of greater motivation, to initiate a process for still more independent and more self-managed expression of the potential for development, I have no doubt whatsoever that our socialist self-management system--in spite of all the problems and contradictions that exist in it--is ready to solve more effectively the present-day problems of development and resolve the contradictions than is any other system in the world.

Large tasks await us, but the way out is also evident. I have not been talking about problems which cannot be solved. That is the difference between a pessimist and an optimist. In that sense I think I am a realistic optimist.

7045

CSO: 2800/83

VOJVODINA TRADE WITH NEIGHBORING COUNTRIES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Dec 86 p 3

[Article by Slavica Razic: "Visible Trade Is Dominant at Present"]

[Text] Vojvodina's economy is carrying on fruitful economic cooperation with neighboring countries, although the potential is far broader yet. At present visible trade is the dominant form of this cooperation. However, there have been increasingly frequent initiatives both on the part of Vojvodina business executives and those from neighboring countries to establish higher forms of cooperation.

The social plan for development of this province's economy has given priority to development of the agroindustrial complex, the production and refining of petroleum and gas along with the petrochemical industry, the metals complex, the building materials industry, the housing construction industry, and development of the infrastructure. Performance of these tasks also predetermined the structure of Vojvodina's visible trade with neighboring countries. Business executives in Vojvodina have been collaborating most successfully with Hungary and Romania among the socialist countries and with Italy and Austria among the industrially advanced countries.

In the volume of its visible trade Hungary is in first place, although Vojvodina organizations of associated labor have also brought about other forms of cooperation with the enterprises of this neighboring country. Over the last few years the volume of Vojvodina's visible trade with Hungary has been growing steadily, and this also continued in 1986. Over the first 9 months of this year there was an increase in total visible trade of 21 percent over the same period of last year. The Vojvodina economy exported to Hungary products worth \$45.5 million, which is 38 percent more than over the same period of last year. At the same time goods were imported from Hungary worth \$29.4 million, that is, 2 percent more. Total visible trade has increased \$61.7 million (which was last year's figure for the first 9 months), which means a 74.9-percent growth. This also increased the surplus in visible trade from \$4.1 to \$16.2 million.

The structure of visible trade between Vojvodina and Hungary is more diverse. Among agricultural products, which comprise nearly half of Vojvodina's exports, there is also a sizable inflow of foreign exchange from whitened sulfate

paper pulp. The list of export products includes furniture, corn, beer, couplings for steel pipes, oil cake, and raw soybean oil.

Vojvodina organizations are importing from Hungary pulpwood from softwood species, soybeans, fresh milk, motor oil, sunflower seed oil, nitrogen fertilizers, wheat, and then parts for bulbs and railroad rolling stock and ship cranes.

The Petrochemical Industry Sets the Tone for Partnership With Romania

A long-term contract in the field of petrochemicals is the backbone of trade between Vojvodina and Romania. Trade based on that contract comprises the dominant portion of the structure of exports and imports. Over the first 9 months of this year total visible trade amounted to \$62 million, 7 percent more than over the same period of last year. Vojvodina's exports had a share of \$35.3 million in this (\$29.7 million a year ago), while imports were \$26.7 million (against \$28.2 million). Hydrocarbons are the most essential export item (\$22.7 million), and second place is taken by corn with \$10.8 million.

Industrial salts and styrol (\$3.1 million each) are the most heavily represented imports, followed by alcohol and its derivatives, fertilizers, esters, sheet metal, plastics, and rolled wire. The value of Vojvodina's visible trade with Bulgaria amounts to \$13.7 million. This is 3 percent more than over the same period of last year, but exports (\$5.8 million) were down 45 percent over the first 9 months of 1985. Imports are up \$7.8 million, which is an increase of 184 percent. This deficit amounts to \$2 million, while just a year earlier Vojvodina had a surplus of \$7.8 million with that country.

Vojvodina is carrying on its smallest economic cooperation with Albania. Over the period January-September 1986 visible trade amounted only to \$783,000. At the same time exports were worth \$627,000 (down 1 percent), and imports amounted to \$156,000 (down 88 percent).

Italy: Standstill in Both Directions

Vojvodina has its most intensive business relations with Italy. This is one of the most important countries in this province's overall cooperation with the world; in addition to visible trade, higher forms of cooperation such as local border traffic and compensation transactions related to fairs are also represented. Over the last several years there has been an evident growth of trade accompanied by an ever larger surplus for this province. This year, however, there has been a significant standstill in both imports and exports. The value of total trade is \$59 million, 21.5 percent less than over the first 9 months of 1985. In that trade Vojvodina's exports have a share of \$36 million (\$43.7 million last year), while the value of imports is \$23.1 million (\$31.5 million last year). Following the disaster at Chernobyl there was a dropoff in exports of raw and processed foods from Vojvodina. Petroleum products and chemicals represent 43 percent and raw and processed foods 28 percent of Vojvodina's total exports to Italy. As for what Vojvodina organizations import from Italy, the metal industry (machines and tools) represents nearly half of it, chemical products one-fifth, and textiles and leather have a share of 9 percent. The surplus in this trade is \$12.8 million.

Trade With Greece Cut in Half

Visible trade with Greece has been cut in half this year. The value of trade over the first 9 months amounted to \$6.8 million (it amounted to \$13.7 million over the same period last year), and Vojvodina's exports have a share of \$4.6 million in that (a third of what it was last year), while imports amount to \$2.1 million (134.6 percent greater than over the first 9 months of last year). The trade balance is favorable, and the ratio of exports to imports is very high.

Visible trade with Austria, with which Vojvodina has undertaken higher forms of cooperation, achieving a favorable trade balance, has also fallen off. Over the last 9 months this province has exported products to Austria worth \$23.3 million (\$30.8 million over the same period of last year), while it imported \$13.4 million (\$14.8 million last year). Products of the chemical industry and petroleum products represent three-fourths of Vojvodina's exports to this neighboring country, followed by the metal industry, which has a share of 14 percent, and the agroindustrial complex with a share of 8 percent. The products of the chemical industry are also the most highly represented in imports (with a share of 47 percent), followed by the metal manufacturing industry (39 percent).

In the coming period Vojvodina's organizations of associated labor plan not only to expand visible trade, but also to introduce higher forms of cooperation more intensively into economic relations with our neighbors.

7045

CSO: 2800/87

ZAGREB ECONOMIST DISCUSSES MISTAKES IN 'OOUR' FORMATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15-17 Nov 86 p 3

[Interview with Prof Drazen Kalodjer of the Zagreb Economic Institute by Katarina Sekulic: "Petty Conflicts Conceal the Truth"; date and place of interview not specified]

[Text] The attempts to enhance the organization of associated labor are also being accompanied by many dilemmas, which are particularly significant for the role and development of the basic organization. In contrast to the fairly widespread view that development goals and business results can be achieved more quickly and effectively by building a more solid labor organization and strengthening the central bodies within it, one also hears warnings that a modern economy requires flexible product lines and flexible forms of organization.

This subject was the basic framework for our conversation with Dr Drazen Kalodjer, a professor at the Economic Faculty in Zagreb and a scientific advisor at the Zagreb Economic Institute, one of the scholars who have been engaged for a long time now in analyzing trends in the world economy and the domestic one. Our interlocutor also commented on the latest studies by the Zagreb Economic Institute, but in any case, the central idea of this conversation is the warning that inadequate organizational solutions in the economy can take us back to the 1960's, when we had only begun to turn toward a modern economy.

[Question] There are obvious disagreements among the public and even among scholars about the significance and scope of some proposed changes in the ZUR [Law on Associated Labor] and the economic system in general. What do you think of the long and persistent existence of such different views?

[Answer] The basis for all of our disagreements is not the national economies, as is often thought, but rather two concepts of development: one that relies upon a modern economy, open to the world, and exposed to the operation of economic laws and the market, with a developed self-managing production relationship, and another that is attempting to hold us back or return us to the socialist-realist foundations for our development and growth. Although we all uniformly swear by the market and economic laws when it is necessary to bring about the implementation of concrete solutions, it can be

seen that this verbal commitment frequently conceals administration and closed economies--a path that we left behind us a long time ago.

Since these orientations that are pulling us back are not public ones, the conflicts arise in working out individual solutions, because everyone wants to push his own concept. Consequently, our conflicts over apparently peripheral matters are often a screen for a fundamental disagreement.

Adaptation to Buyers and the Vagaries of the Market

[Question] Recently your observations in connection with the status of the basic economic entity have been noted. What chance do our OOURs [basic organizations of associated labor] have of adapting to the increasingly more demanding market conditions for doing business?

[Answer] I will start first of all with a general assessment: that the current economic crisis situation is not due to the solutions in the Constitution and the ZUR, but rather to the failure to adhere to economic rules and business criteria, and bureaucratic voluntarism and irresponsibility. At any rate, the latest research by the Zagreb Economic Institute regarding the role and development of the basic organization also indicates that the organizational structure of our economy is adapting to modern trends in the world and that practice has differentiated the concepts of the basic and labor and complex organizations.

I would like to remind you that even in the world's developed economies, significant progress is being made in organization, under the influence of modern information science, technology, and a modern market approach. Such a market approach is requiring more and more the sale of a specific product, rather than series production. Organizations are thus restructuring themselves more and more in accordance with the product, which is becoming the dominant element in the modern economy. This is also quite understandable, since the inception of flexible production systems multiplies the possibilities for the rapid reprogramming of production programs, with an enormous number of configurations, depending upon the requirements of a given buyer.

Such trends are also logical from the standpoint of the consumer, who more and more does not want clothing of any type whatsoever, but rather a specific product; the future therefore lies with small production lines that can be adapted to buyers and the vagaries of the market. These phenomena are not only characteristic of the production of consumer goods, but also of a number of components, assemblies, and various materials, the products of primary manufacture, which are produced in various versions by flexible production systems.

Capitalism found an answer for these processes in production-business decentralization, while maintaining a high degree of concentration of money. Experiments in our country show that the domestic economy is following such trends fairly well. The research in connection with the project concerning the role and development of the basic organization was conducted using a fairly large and representative sample--14 SOURs [complex organizations of

associated labor] and 27 OOURs with a total of 340 units observed, with separate treatment of another six large systems with over 100 basic organizations of associated labor. We thus arrived at a very significant phenomenon--that the concept of modern organization by products is being followed in Yugoslavia, because both the labor and complex organizations are dominated by OOURs organized around a specialized product and primarily oriented toward the market, and not toward mutual relations with other OOURs within the labor organization.

Mistake Made As Early As the Formation of the OOURs

Specifically, as many as 47.14 [percent] of the units observed (OOURs and ROs [labor organizations] without OOURs) achieve their earnings as a whole through external sales. When one adds to these the ones which achieve minimal external sales (up to 10 percent) within a labor organization and an SOUR, one arrives at the fact that the ratio of external to internal sales is 81.8 to 18.2.

This strongly refutes the frequently made assertion that labor organizations are considerably homogenized and relatively closed to the market. All of the results of the above-mentioned research also showed that workers have accepted the OOURs, not as parts of a "labor unit," but as labor units themselves. This leads us to the conclusion that a mistake was made in the implementation and formation of the OOURs, by paying more attention to form and normative elements than to content. It is obvious that we did not proceed from real economic relationships imposed by the market, from commodity production and economic criteria, but rather, as a rule, in opposition to them.

[Question] In light of this research, how do you view the rather contrived mergers that as a rule mean the creation of labor organizations without basic ones?

[Answer] I consider them a great mistake, which because of its rapidity and the lack of the necessary analyses can take us a long way back, back to the 1960's, when we had only begun to turn toward a modern economy. While even large corporations are disintegrating and flexible production units are being created in the world today, we seem to be striving for large systems of the socialist-realist type.

It is true, however, that in such corporations there is a large concentration of money, usually designated for basic research, the introduction of new technology, or market studies; this is often a larger investment than the assimilation of a new product. I would like to remind you again that today the emphasis everywhere in the world is being put on innovation, creativity, openness, dynamism, and enterprise, and we must also focus more on this.

[Question] How do you view the proposals for reaffirming the labor organization by having it also determine the income of the basic economic entity?

[Answer] Through the change in the ZUR, some very important issues have been raised, like the way that associated labor is organized, the earning and

distribution of income, social ownership... In regard to the way in which associated labor is organized, we must be aware that with the reintegration and affirmation of the labor organization as a system in which a certain number of products will be put in one basket, with a major transfer of money, a great deal of damage can be done to future development.

This would only interfere with the parts that already have vitality and well-developed market behavior, while essentially gaining nothing. In such cases, it is completely unjustified to deny the market and business independence of OOURs. At the same time, in practice there are also a considerable number of OOURs created by artificially splitting up an integral production-marketing process, and in those cases the mergers are really necessary for the sake of efficiency.

The Damage Done by Reintegrations

These are obviously old dilemmas that also accompanied the passage of the Law on Associated Labor, and have to do with the technological, economic, and especially the market definition of the basic organization. At that time we did not have any practical experience, and so that section of the ZUR itself was not precise enough. Today, however, when it is 10 years old, we can see the kind of tendencies that are dominant in practice, which I have already discussed. I am deeply convinced that this must be taken into account in further work on modifying the ZUR.

In any case, the research conducted by the Zagreb Economic Institute resulted in a proposal that the basic organization of associated labor be defined as a self-managing specialized commodity producer which as a rule makes sales in an external market and in which the workers exercise their inalienable self-management rights. On the basis of this logic, business systems must be built that will provide assistance to each of those products in the form of a development concept, market strength, the efficiency of management functions, and solidarity.

In my opinion, the changes in the ZUR should also go in that direction--toward strengthening that basic organization, and also the labor and complex organizations. I think that a business system must continually be under pressure from its parts, giving them more than it takes. This means in practice that the expenses of that system must be less than the benefits that it provides to each part. Unfortunately, all of our research indicates that today a large number of systems, especially those created by political decisions, are only an expense that the OOURs and ROs have to bear as the price of political peace. That is where the sources of our inflationary trends lie.

[Question] What do you think of the difference between your model and the one offered by the Sarajevo Economic Institute?

[Answer] Our two proposals essentially differ over the organizational form, but both models call for supplementing the ZUR.

The version proposed by the Sarajevo Economic Institute also retains the exclusive right of the basic organization to earn and distribute income, regardless of where it earns it and operates. The difference is that here it is being proposed that the OOUR be formed as part of the labor process and the basic form of self-management organization, without the right to conduct business functions that, according to the proposal, should be transferred to the labor organization.

At any rate, I consider it useful to have several proposals, because they also increase the possibility of choice. If you look at the whole economy and it is full of variable elements, then even with a technique in which exact rules exist it is possible to choose several technical solutions. Consequently, however, those who are able to make a choice and cut through the dilemmas must be made personally responsible for this. If the version chosen later turns out to be bad, then they must also accept all the consequences and leave it up to others to construct further solutions. Accordingly, our version assumes flexible organization of the economy, without fixed patterns that can hamper it. I hope that all of our practical experience and scientific knowledge will be used more extensively, because we need changes, not ones that will return us to the first half of the 20th century, but rather the kind needed for the first half of the 21st.

If we continue to persist in carrying out mergers on the basis of the old principles, I am afraid that paths will be opened for a return to underdevelopment. Naturally, in all of this one must also keep in mind the country's development strategy, which has to be oriented toward modern production for the world market, and not simply aimed at raw materials, energy, and food, which are the infrastructure for all modern production. The fact is that today in the world accelerated work and development are being achieved by countries that do not have enough energy or raw materials, but which have high-quality labor, well-developed technology and information science, and an openness to the world.

[Question] It is well known that we are now working on significant changes in the economic system. What is your overall view of them?

[Answer] At this time we still cannot see the measures in their entirety, and it is difficult to speak of this on the basis of partial solutions. It seems to me, however, that there is still too much faith in administration, and not enough in the market, even though we are all swearing by it again. That is our legacy, from which it is unfortunately very difficult to free ourselves. I therefore feel that incentive solutions must be introduced through economic policy and through changes in the economic system.

I will cite two examples of extremely voluntaristic behavior--in foreign trade and in small business. Trade, by its own logic, is part of the capital replacement process; it opens up production and the market, and provides marketing information and knowledge. That trade should not have a monopoly over the economy, but should instead be its partner, and make it possible for the economy to choose its own foreign trade partner. Today, however, it is no secret that only large foreign trade firms can appear on the world market, because there is a system of monopolies. They are in a good position and have

no incentive to increase their sales. This can also be seen in the problem of the so-called capillary exports carried out by a large number of small organizations. When they appear with their products at the large foreign trade firms, that is so marginal for them that they often quickly suppress it.

The same logic of playing favorites is also present in the case of a number of small private enterprises and shops in small business, because when society is not capable of conducting a sensible tax policy and supervising their work, then it bans them, both legally and surreptitiously.

Very concrete incentives must be provided for the development of small business, and the procedures for establishing small businesses must be made less bureaucratic. Work is being done on this now, but slowly, and not enough for the turnabout that has to be made. One should not recoil in advance from possible abuses, because that becomes a pretext for doing nothing.

In conclusion, one cannot discuss all of the existing dilemmas without arguments, and stubbornly defend solutions that are already obsolete. Everything that has been superseded by practice and that is contrary to modern trends must be abandoned. I would also like to recall on this occasion the enthusiasm with which the previous action of mergers in accordance with capital replacement units was conducted, even though it must have been known that such linkages were unknown in market economies and were characteristic of administrative-bureaucratic systems.

Because of everything I have said, more consideration has to be given to what science has to say. It is well known that some economists gave a timely warning of the approaching crisis and the consequences of the large foreign debt. The errors in economic policy were also pointed out, but without any response. That is also being done today, although we are not certain whether we will have any better luck now.

[Boxed insert: "Impossible Symbiosis"]

Positions on the organization of the OOUR and the labor organization are very politicized even today, and so now one can also hear arguments in favor of something that, in my opinion, is an impossible symbiosis: having one entity (the OOUR) earn the income, while the other (the RO) would make sovereign decisions on its use.

With such a model, it is only consistent to say that both the income and the self-management are possessed only by the labor organization, and not by the OOUR. Furthermore, it is only consistent to say that the OOURs, in terms of their technical-economic content, are reduced to labor units which by the nature of things must have less autonomy than the former economic units. Then they should obviously no longer be called basic organizations of associated labor.

[Boxed insert: "Without Division"]

Today we have to follow the logic that no product, whether it is simple or complex, can be efficient and competitive in the world market unless the

smallest part of it is made in accordance with world standards. Conversely, we cannot unjustifiably pile up expenses and have a product at a competitive price. Many mistakes have been made in this regard, and that is one of the blunders that we are paying dearly for now.

It is also a blunder that products can be divided into those for the domestic and foreign markets. I, as a Yugoslav, am deeply insulted by that differentiation of products into the better ones intended for foreign buyers and the poorer ones for the domestic consumers. This is not even proper from an economic point of view, because every specialized product and service capacity as a rule is a commodity producer who has to value his products equally on the domestic and foreign markets.

9909

CSO: 2800/62

SHORTCOMINGS IN WORK OF STUDY INSTITUTES CRITICIZED

Tirana ZERI I POPULLIT in Albanian 20 Aug 86 pp 3, 4

[Article by Ajet Ylli, Chairman of the Committee for Science and Technology:
"Our Science is Faced with Important Tasks"]

[Text] As is emphasized in the draft directives of the Ninth Party Congress for the Eighth Five-Year Plan, the basic task in the field of science will be to further improve quality, increase efficiency in studies, research and designs, so that science can play a more effective role in the principal branches of our economy, such as the petroleum industry, the energy industry, mining, metallurgy, agriculture, animal husbandry, dairy farming, mechanization, etc.

A review of the problem of increasing quality and the efficiency of scientific work should be required during the planning stages and at the time the necessary studies pertaining to the project are defined. But what happens? In spite of the care and attention that was given the drafting of the work plan for scientific work at all levels last year, there is still need during the present discussions on the draft directives to return to this subject for a thorough review, to further improve study subjects and to eliminate those studies, which for now and for the near future are not needed for production. Let us not repeat the events of the last five-year plan, when dozens of studies and even completed drafts, on which much effort and expense was expended, were not put into operation because they were premature. We must keep firmly in mind here the recommendations of Comrade Enver Hoxha "let us not use our material, physical and mental resources in the dark, impulsively and spontaneously, but let us use them methodically and with priority, primarily within those branches of science and technology which provide the most effective results".

In order to improve the quality of scientific studies, it is important for these studies to be as varied as possible and to include all the necessary sciences, especially the important basic sciences. This requires the intense participation of specialists from different areas of the enterprise, institute or faculty. We are experienced in this area, and from just such cooperation we have been able to solve a number of production problems quickly and with good scientific standards. The

example of the close cooperation between the chemistry department of the Faculty of Natural Sciences and the Durres shipyards to control corrosion, or the joint work program between the faculties of the Kamez Higher Institute for Agriculture with many of the agricultural units in Tirana District, as well the experiences of the Institute for Corn and Rice, should be copied by other enterprises.

Scientific organs especially those responsible for design, must concentrate on unified design criteria, such as technical conditions for designing, calculating methods, and model designs, etc., which, according to the respective decision of the Council of Ministers last year, are included in the scientific work plans of the institutes. If we are seeking the economical use of our investments, the efficient use of specialists in our institutes, production with some variety in design and a shorter completion time, it is absolutely necessary for our institutes to plan and approve everything that is linked with the design process. Despite the importance of this problem, which is recognized by everyone, progress in this area is still moving very slowly. A year has passed since very clear decisions on this matter were made, and yet we have to say that the majority of them are only at the beginning of their implementation. We have to concentrate well on this matter now, to define concrete measures, not only to fulfill the tasks on time, but to fulfill them ahead of time.

The economical use of planned investments requires, above all, technical economic studies for each branch and production unit. Technical and economic studies are responsible for uncovering available inner reserves and for pinpointing the course of action to be taken and the changes that have to be made to fully utilize the existing capabilities with as few investments as possible. People sometimes think, and wrongly so, that these reserves are known and accounted for on paper and pencil, therefore "there is no need for further studies." However, the truth is very different. When the Fier nitrogen enterprise, which is well-known in our country for implementing scientific disciplines and for the maximum utilization of its production capacity, was asked this year whether it was possible to increase its production capacity by making partial changes in the weak links of the production chain, at just one single meeting with specialists from this factory, a number of alternatives were given accompanied with a plan for the necessary changes, which would increase production by some thousands of tons of urea, but there was no answer as to which alternative was the most economically viable, because economic thought had not been included in the calculations. Therefore this problem should become a subject to be discussed now, during discussions on the draft directives, to make sure that improvements in scientific planning start with these kinds of studies. And also, in purely technical and experimental studies, especially when important studies with a great volume of work are concerned, along with other specialists, an economist must be involved from the very beginning, so we can avoid what has been happening in Tirana District until now where, although economists make up 30 percent of the district's specialists, less than 10 percent of them are involved in the process of planning studies. The specialized

organizations, such as the Institute of Economic Studies and the two economic faculties of the schools of higher education, must provide close cooperation in defining appropriate study subjects and work methodologies. Improvements in study subjects must be linked to the time it takes to complete these studies. In many themes, especially from high level consumers the deadlines are start/finish within five years, or start/finish within one year. Three and six month deadlines rarely occur, let alone the one month deadline. Deadlines of this sort should be unacceptable because besides everything else, they encourage slowness and laziness. Deadlines for studies should be planned in the same way as productions deadlines. Many projects on the list of the Council of Ministers planned for this year, undertaken by our scientific institutes and schools of higher education, were not begun work in January, as happened in the production area, but three or four months later; the studies program was not drafted before the year started, it was very late because of the thought "we have time." Therefore, in the matter of deadlines we must insist during discussions on drawing up the draft that under no conditions should the beneficiary be allowed to set the deadlines as has happened before. Within the framework of speeding up the completion of studies, we must also consider the concentration of human, material and financial resources on more pressing studies, so as not to allow the unnecessary dilution of studies by introducing different subjects all at once, which has happened in the past and has led to unending studies, extending from one five-year period to the next as happened in the study of phosphates, nickel, silicates, etc. The specialized scientific organizations and the faculties of the schools of higher education, will play an important role in fulfilling the tasks that have been assigned. In our country today, there are 62 active institutes and scientific centers, of which 49 are for technology and the natural sciences, where about 4200 people are employed, of which nearly 2000 are specialists. In the course of the last five-year period alone 12 new institutes were established. In general we can say that they cover all branches of the economy and culture. During the past years the organizational structures of many institutes and the planning methods of all the technological institutes have been improved, so they will be able to better respond to the needs of the present. These measures have led to greater efficiency in the activities of the majority of our scientific institutions.

In this five-year period the emphasis is not so much on increasing the number of scientific institutions and other scientific organizations as it is on the need to consolidate, increase quality and efficiency standards and monitor their effect on our economy. Overall we foresee a strengthening of existing structures, and in some cases the creation of new sections within these structures, especially in some new scientific areas, such as environmental protection, agrometeorology, planning and finance in agriculture, mechanical sectors within the technological institutes, and so on. This strengthening of study work will be made at the grass-roots, in mechanization and in agriculture, by strengthening the role of agricultural stations in the districts and through considering the possibility of creating study bureaus in agricultural enterprises, etc.

Funds have been set aside to improve experimental laboratory facilities in schools of higher education and institutes. .

The basic characteristic of science in our country today is the massive scope of its development. The tasks that face us this five-year period demand greater support from and better participation of specialists and other workers in production. Comrade Ramiz Alia in his talk with the metallurgists in the "Steel of the Party" metallurgical combine stressed: "We have hundreds of dedicated workers, with broad technical and cultural horizons, who are daring in their studies and their experiments; we also have greater material capabilities and supports. The party and the managers,--he emphasized,--as well as the state organs must encourage, support and have confidence in able people, in specialists, in those that study and in workers in the vanguard."

The fact remains that these people are not always utilized as much or as well as they should be. In some branches of the economy, such as in the mining and petroleum industry, the machine and food industry only 20 to 30 percent of the high level specialists take part in an organized manner for some of the time in the formulation of planned scientific studies, and the rest of the specialist are busy with daily tasks, dealing purely with production, and most of the time with routine work which does not require special skills and could be done by others. According to the results of a study made, only 5 to 8 percent of the working hours of the management cadres, the branch managers and specialists in functional branches was spent on study work. Factory and unit supervisors, etc., spend 15 to 25 percent of their working hours doing administrative work in offices and 50 to 60 percent of their time monitoring and supervising their units. In agricultural units the principal cadres spend 5 to 6 percent of their working hours on studies. Those least involved in study work are the sector supervisors.

Here we have to struggle against the tendency of some specialists who, although the capabilities exist, do not get closely involved in studies and do not take responsibility for planning studies. Is it right, for example, that the designs for relatively common, simple projects, once built in our country, should be purchased outside, as happened in the case of the coal bricking factory planned for construction during this five-year plan, when an identical factory has been working at full capacity for 30 years in Yzberish? In discussions, specialists accept the fact that projects can be designed and built in the country, but when it comes to being actually involved in the construction of a project, it becomes difficult. Therefore, specialists, no matter where they work, must learn from the construction institutes, which during the past five-year plan and even in this five-year plan have taken and are continuing to take responsibility for study and design for construction projects, as well as for large projects with complicated technologies, which will be built for the first time in our country.

Therefore, technological institutes and the studies and planning bureaus at the grass roots, must reexamine all those objects and materials which

they plan to acquire outside, so that later, when bids are discussed, they can confidently see the possibilities of assuming complete or partial responsibility for planning, which should include the procurement of equipment and special parts, and even suggesting ways of manufacturing supplies within the country, so that what happened in the past will not be repeated, when we bought from abroad simple equipment and materials, such as stairs and railings, which, without the slightest difficulty, could have been designed and produced in our country.

Improved studies and the effect of improved scientific work is generally closely related to improvements in the professional standards of specialists. During the past five-year period good progress was made in this area. The need for post-university training and specialization were included in the draft of the plan. During the last five years about 1400 cadres registered for long-term post-university specialization, which is organized by the schools of higher education and serves to train cadres at the university level in specialized fields in which we have no capability at the present. Specialists with higher levels of post-university training are trained for important specialized fields. Whereas, during the last five-year period the program for short-term post-university training for full time students (1 to 3 months), which as is known, serves to satisfy the needs of the different branches of our economy and culture for cadres who are trained to deal with new and acute problems which occur in production and technology, included 4400 cadres with 130 different specialties. This method of training will continue to expand during this five-year period and will concentrate on branches that are involved in production. Thus, for this five-year plan we plan to train about 1600 cadres in long-term special training in 70 specialized areas and 6300 cadres in short-term training.

The two level post-university scientific training program has also shown progress. During the last five years 644 dissertations on the first scientific level and 41 dissertations on the second scientific level were presented. During this period 573 workers have registered for the first level and 74 for the second level.

To consolidate post-university training and make it more effective, the schools of higher education must make a greater effort to raise the scientific level of the post-university courses, to see that instructors are qualified and to make sure that the necessary literature is available for the students who are specializing. In this same way, the responsible departments must decide which are the areas that need this specialization.

6160/9190
CSO: 2100/16

PROTESTANT CHURCHES EXPRESS CONCERN OVER MINORITY IN ROMANIA

Budapest REFORMATUSOK LAPJA in Hungarian 21-28 Dec 86 p 3

[British Embassy translation of statement, "There Is Worry and Anxiety in Our Hearts"]

[Text] We, the leaders of the member churches of the Ecumenical Council of Churches in Hungary (comprising of the Reformed, Lutheran, Baptist, Methodist and Orthodox Churches and the Free Church Council) along with the leaders of the Unitarian Church in Hungary make the following statement:

Joy and thanks fill our hearts for the hopeful way in which, during the past years, the relationships between Hungarians who have been separated by the storms of history have developed and deepened, relationships based on an attachment to an ancient tradition, a common culture, a rich historical heritage, our dear mother language and last but by no means least rooted in our common faith. In recent times we have seen more hopeful signs: the work of the Mother Language Conference is being enriched, new relationships are being established between those Hungarian scientists, economists, doctors and others who live in Hungary and those who live abroad. The intellectual and spiritual cultural contacts are becoming increasingly colourful between Hungarians living in Hungary and those who live in numerous other countries. With regard to our churches also we can report numerous wonderful achievements: ministerial exchanges, student exchanges and congregational visitations have taken place. Of those contacts outstanding events were the North American concert tour of Kantus (the choir of the Reformed Church College in Debrecen) in Spring 1986 and the concerts given abroad by the Lutherania Choir and the choir of the Baptist Church. For all this God's alone should be the praise whom we worship with the Psalmist's words: "The Lord is good, his love is eternal and his faithfulness lasts forever." (Ps. 100 v. 5).

The fact that in certain questions the Hungarians who live in different countries and we Hungarians living in Hungary have divergent opinions does not decrease our joy, indeed it increases it, while we seek to reach agreement. Our relationships are characterized by the willingness to share in dialogue, the motive of which is that all of us should respect and take seriously our common heritage. Our conviction is that our devotion to this loved heritage and our common faith in the providence of God are so strong that they can overcome our apparent differences. We consider the strengthening of the relationships of Hungarians both in and outside Hungary important

also because we are conscious of the danger from nuclear catastrophe threatening the future of all humanity. We know that the strengthening of our relationships, albeit within modest bounds, is a vital part of the building of trust and peace between peoples and nations.

We see serious signs of the struggle to maintain peace in the development of our homeland's international relationships. Our homeland, living between East and West, encouraging detente and the building of trust furthers its many-sided contacts. All this arises out of the recognition that even as small a country as ours can have an important role in the moulding of international trust and understanding. In all probability this is why international interest in our homeland grew and is increasing.

The particular and sorry results of our national history are that Hungarians live scattered in many countries far from the homeland--in diaspora--and a larger number en block in neighbouring countries. We avow that they also share in and are supporters of our national culture. For this reason we feel responsibility for their fate. On the basis of this responsibility we ask that they be good citizens of their respective states, that thus there may be connecting links and bridges between Hungary and their countries. This is particularly important with our homeland's neighbouring countries, historically related to each other, where the people at present live proceeding along the path of socialist development. We know that there is a need for great patience, mutual understanding and much goodwill, and we pray that these should be found in all of us. At the same time we cannot deny that worry and anxiety exist in our hearts because we have received disturbing news, and have personally experienced sad incidents in the case of Hungarians living in Rumania, the neighbouring country to which a centuries-old historical relationship attaches us. The threads of this relationship are particularly strong with the Hungarian minority living in Rumania. Indeed the numerous family, kinsmanlike and friendship bonds between Hungarians living there and in the homeland are a reality.

In voicing our concerns and anxiety we should also say that we set high value on the fraternal relations which exist between our churches and the Rumanian Orthodox Church and the other churches of Rumania. It is our conviction that they, together with us, share responsibility for bearing each others burdens and the service of peace, "in this way you will obey the law of Christ." (Gal. 6 v. 2). In this way we can contribute to reconciliation within the borders of our respective countries and between the peoples of the world. We should, however, repudiate those impure ambitions, the purpose of which, whether they originate at home or abroad, is to cause disruption and restlessness between peoples.

The greatest privilege of Christians, whether they live in the East or West, in the South or North, is the service of prayer. This is why we should pray for the peace of the whole world, for every person, every Christian, especially now as we celebrate the birth of Christ, and for Hungarians whether they be greatly separated from us by distance or not so far away. We believe that this service of prayers is mutual, they also think of us in their intercessions, thus we share our concerns and our hopes.

Christmas is the festival of love. "Love is eternal." (I Cor. 13 v. 8)
With these words of the apostle we express our good wishes and hopes.
"For Christ himself has brought us peace...with his own body he broke down
the wall that separated them and kept them enemies... So Christ came and
preached the good news of peace to all, to you Gentiles who were far away
from God and to the Jews, who were near to him." (Eph. 2 vv 14, 17).

In the name of the Lutheran Church in Hungary:
Dr Gyula Nagy, Bishop

In the name of Methodist Church:
Frigyes Hecker, Superintendent

In the name of the Orthodox Church:
Dr Feriz Berki, Administrative Moderator

In the name of the Reformed Church in Hungary:
Dr Karoly Toth, Bishop
Acting Ministerial President of the Synod

In the name of Baptist Church:
Janos Viczian, President

In the name of the Free Church Council:
Dr Jozsef Szakacs, President

In the name of the Unitarian Church:
Dr Jozsef Ferencz, Bishop

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CSO: 2020/45

ROLE OF INTELLECTUALS IN KADAR CONSOLIDATION ANALYZED

Budapest MAGYAR NEMZET in Hungarian 6 Dec 86 p 9

[Article by Dr. Jozsef Nemeth: "Intellectuals and Consolidation"]

[Text] Upon analyzing the Hungarian conditions one gets a clear idea of the place and role which our social classes and strata, including the intelligentsia, have played during the various phases of our social and political transformation.

After the liberation, winning over the intelligentsia and getting it involved in the reconstruction were goals that closely reflected the position put forward in the program of the National Independence Front and the provisional National Assembly. That program made it unequivocally clear: the democratic reconstruction of Hungary would be inconceivable without the intelligentsia. Naturally, the intensity with which particular professional groups of the intelligentsia became involved in solving the economic, social and political tasks of our popular democratic transformation greatly varied.

Strange Dichotomy

The political and economic contradictions that surfaced after 1948 also had an impact on the policy of alliance, and thus also on the policy toward the intelligentsia. What resulted in fact was a strange dichotomy characterized, on the one hand, by provable and indisputable achievements (including positive changes in our social composition; the introduction of a new scholarship and collegiate system; the raising of our villages' cultural level), and, on the other, by inconsistency and voluntaristic ideas.

The sincere desire for closer cooperation on the part of a significant segment of the intelligentsia was met by rejection and suspicion. In effect, the traditional role of the intelligentsia lost much of its value.

Inspired by the need to change this incorrect policy, the 1956 resolution concerning the intelligentsia not only identified the problems, but also looked into ways of turning the situation around. The lively debates generated by this resolution among various groups of the intelligentsia at our institutions and factories were clear evidence of its timeliness and importance. This positive development, however, was suddenly blocked by the 1956 counterrevolution, an event which also left behind a difficult legacy.

The December 1956 resolution of the Provisional Central Committee of the MSZMP clearly showed the intentions of the party's policy: "our scientists and technical intelligentsia must be given the opportunity--by creating appropriate organizational forums--to put their knowledge and abilities to the best possible use within their fields of competence."

On 23 January 1957--almost as an overture to all the things that would follow--the Committee of Budapest Intellectuals was established.

What kind of tasks was this committee expected to perform? On the one hand, it was to help overcome the continuing political chaos that existed among the intelligentsia, and, on the other, it was to serve as an advisory body. Upon recommendation by the Executive Committee, several people, including Jozsef Szigeti, Sandor Nagy, Gyula Hajdu, Lajos Janossy, Endre Valko, Andras Korodi and Ferenc Horvath became involved in this effort. The composition of the group clearly proves that the committee had a broadly based intellectual representation.

The political leadership considered it its duty to examine the role which the intelligentsia was said to have played in the counterrevolution. In a speech he delivered on 2 February 1957 in Salgotarjan, Janos Kadar underscored this intention to settle matters by stressing: "They claim that the majority of the intelligentsia supported the counterrevolution. This is not true. The intelligentsia is not counterrevolutionary at heart. And since we have a common future, we must also work together."

As the consolidation began it soon became apparent that the party's leaders and leading bodies were interested in more than just finding out what role the various groups of our intelligentsia had played in the counterrevolution; they also expected and requested their participation in carrying out new tasks. The actual organized dialogue--with selected groups of the intelligentsia--began in January 1957. The series of debates commenced with a party meeting in Budapest's 2nd district where, before several party and non-party members, Foreign Minister

Imre stressed: "We cannot build a socialist society without the support and whole-hearted efforts of the creative intelligentsia." Many of those present spoke about the incorrect intellectual policy of the 1950's, and there were again calls for a more differentiated evaluation.

These early discussions did not mean that most of the intelligentsia immediately went over to the side of the supporters of consolidation. There were still those who wanted to wait and see, and many adamantly rejected the new developments.

One of the major issues included on the agenda in early 1957--in connection with improving the quality of education--was the reform of elementary-school teacher training. Subsequently, at a deputy-minister level meeting on 16 May 1957, the decision was made to establish 10 Teacher Training Academies. Most of these were simply reorganized successors of old teacher training schools. At the same time, the political mood among both instructors and students at the various universities slowly began to improve.

On occasions realizing the new tasks proved to be a difficult challenge for the leaders of our various institutions. Old habits, or in this case the comfort of "having always been told what to do" and the delegation of responsible decision making, continued to be recurring problems.

In addition to having to combat extremist views from the right, during the period of consolidation special care had to be taken to prevent certain leftist and sectarian segments of the intelligentsia from hindering progress. One of the groups known for this kind of a unique position and role was the Tancsics Circle.

The Tancsics Circle had been formed by long-time veterans of the workers' movement. The necessity of such an organization had first been raised shortly after the 20th Congress of the CPSU, well before the October events. At the time, however, the party leadership did not see any need for it. (The membership of the circle was to have consisted of people who because of their past activities in the movement had become removed from the center of power.) The circle's statutory meeting was held on 20 January 1957, with 609 guests attending. After an introductory political briefing by Ferenc Munnich, the members defined the tasks of the Tancsics Circle. They agreed that "it was necessary for the party's tried cadre to unite and support the leadership of the MSZMP in its day-to-day work and in its struggle against the ideological influence of the counterrevolution." In 1957, the membership of the circle was estimated to be around 2,000. Their work was characterized by a sincere desire to get involved. In

spite of this fact, by allowing only party members to join their ranks, their activities soon began to show signs of sectarian isolationism that was to become the source of continuing problems in the future. By the second half of 1957 the circle's activities ended.

Parallel with the consolidation of literary and artistic life, on 15 March 1957, the first issue of ELET ES IRODALOM was published. (In the middle of April it was followed by NAGYVILAG, and in September by KORTARS.)

"We Will Not Roll Down an Iron Curtain"

The opening announcement of the first issue was a clear indication of the paper's purpose and the intentions of its editorial board: "This paper is run by communist writers. They are the ones who define its direction, but its writers also include non-communists. In our columns we will not roll down an iron curtain, and we will gladly welcome anyone who is willing to join us."

One indication of how lively literary life was becoming was a letter of protest written by Hungarian writers to the so-called committee of five of the UN: "We are inseparable from our people. We understand every manifestation of its soul. We know and profess: the Hungarian people had never wanted a counterrevolution, nor do they want one now. It is only a negligible minority that wants to bring back the old system... We resent anyone passing judgement over us pretending to be on the side of the law and thereby making mockery of, and distorting the tragedy we have suffered into a comedy."

Another result of persuasion and of the need and opportunity to engage in debates was the presence of Gyula Illyes, Laszlo Nemeth, Pal Szabo and Peter Veres in October 1957 at the meeting of the National Council of the Patriotic People's Front. We believe that the leadership made a timely and correct note of the fact that instead of going by the schematic definitions of the old versus the new intelligentsia, it would be more reflective of the actual situation to stress that there were groups--both old and new--who had remained loyal even during the brutal days of the counterrevolution, and who also played a role in getting the consolidation process off to a start. However, there were also those--both old and new--who, consciously or misled, had taken the side of the enemies of socialist Hungary. Nor could those be forgotten who had been, and continued to be "detached" from politics; winning them over, and putting their contribution to good use was viewed as a task of primary importance.

Writing in the 22 October 1957 issue of MAGYAR NEMZET, Gyula Ortutay made it clear that the best of our intelligentsia were

not only behind the construction of socialism, but were also actively working toward its realization.

One segment of our intellectuals, the technical intelligentsia, had a unique place and role in the economic and political consolidation. Efforts to activate this group had received a significant boost with the establishment on 9 February 1957 of the Council of Engineers and Technicians.

"No decision should be made without first consulting with the technicians," stated the 3 April 1957 issue of NEPSZABADSAG in an article dealing with the tasks facing the Council of Engineers and Technicians, adding that "at the same time the technical intelligentsia must also realize that it has not only rights but also obligations."

Landmark

In early 1957, the MTESZ [Federation of Technical and Scientific Associations] began to hold club meetings which initially did not follow any kind of a structured format. Later, after gradually returning to the more defined activities of earlier days, club life picked up again. Subsequently, the federation was also involved in the preparation of economic policy decisions. Its financial basis was gradually strengthened enabling it to create a better system of information and to improve the content of its work.

Soon it became increasingly clear to the various groups of our intelligentsia that the differentiated system of evaluation used by the political leadership justly expected them to become more actively involved in professional, social and political activities.

It was with the aim to promote this process that on 28 July 1958, the party issued its Cultural Policy Guidelines.

The document became a landmark in this two-front struggle, mainly because for the first time it treated cultural policy as an integral part of the party's policies.

Besides making several other important points, the Guidelines also stressed the following: "Among the many vitally important tasks waiting to be addressed in our policy toward the intelligentsia, special emphasis must be placed on the ideological transformation of our non-Marxist intellectuals. In order to accomplish this we must improve the quality of our future efforts, taking into account the specific situation and stage of development of the various segments of our intelligentsia." The particular tasks pertaining to individual areas were defined at the debates that ensued after the issuing of the guidelines.

The proposals presented at the debates of this period included detailed analyses of the cultural life of our counties and institutions. They drew comparisons between the conditions of the pre- and post-liberation eras and analyzed our progress, accomplishments and problems.

In the Guidelines the political leadership intended not only assign tasks to the intelligentsia, but also to make it possible for its members to become actively involved in carrying out those tasks by recognizing and understanding the problems facing their respective professional fields. And those intentions still apply today.

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BARCIKOWSKI CHAIRS 10TH CONGRESS APPEALS COMMISSION MEETING

Warsaw TRYBUNA IUDU in Polish 18 Sep 86 p 1

[Article: "Meeting of the Tenth PZPR Congress Appeals Commission Presidium"]

[Text] The Tenth PZPR Congress Appeals Commission Presidium met on 17 September. The deliberations were conducted by Kazimierz Barcikowski, Appeals Commission chairman and Politburo member.

The presidium assessed the previous status of the work undertaken by the commission. By 15 September, the commission had received 510 appeals. Among them were requests to overturn decisions for party expulsion or for removal from the party membership list, requests to count party internships, and also requests to reduce or completely revoke a party penalty that had been imposed. In particularly complex matters the appeals commission members have already begun talks with the authors of the requests. The opinions of the POP or the work establishments involved are being sought.

Between September and October appeals commission groups will make the first decisions, based, among other things on the results of these talks and an in depth analysis of the documentation that has been gathered.

At the same time, the Appeals Commission has already begun to review 80 charges and complaints that have been referred to it for various reasons by both party members and citizens who are not members of the party.

The presidium emphasized that in connection with the decision of the plenary session of the Tenth Party Congress Appeals Commission, it will review only those matters which are referred to it before the end of 1986, and this deadline is firm. These matters can only be appeals for decisions made before the Tenth Party Congress.

10790

CSO: 2600/117

BEDNARSKI AT WROCLAW PZPR TRAINING OPENING

Warsaw TRYBUNA LUDU in Polish 16 Sep 86 pp 1, 2

[Article by Czeslaw Kubasik: "Beginning of Party Training Year : Strength of the Party in Its Members' Knowledge and Activity"]

[Text] Wroclaw. The main current of work in the new party training year will be to popularize the resolutions of the Tenth Party Congress and the PZPR program adopted at the congress. It is a question of the congress documents' reaching all party links, so that it becomes an inspiration for thought and action, in order to create a broad front for translating the congress resolutions into deeds, according to Aleksander Cybulski, secretary of the PZPR Plant Committee, who spoke during the opening of the party training year on 15 September at the Dolmel Lower Silesia Electric Machine Plants in Wroclaw.

In addition to Dolmel party activists, the festivities were also attended by training lecturers and teachers from Wroclaw and the voivodship. Among the invited guests were Henryk Bednarski, secretary of the PZPR Central Committee, and Zdzislaw Balicki, first secretary of the PZPR Voivodship Committee.

"I have been a member of the party since 1946. In it I have lived through important moments and also, unfortunately, various periods of distortion, but I have always tried to understand the most from basic Marxist-Leninist principles, which do not change and which have formed within me the ideas of a communist," said Kazimierz Woznica, a Dolmel metal worker. "I think that we have started out on a good way to continue the changes which took place following the Ninth Party Congress, and now through various means of training we must make the corresponding shift to the party and nonparty resolutions of the Tenth Party Congress. If they are implemented through everyone's efforts, then we can count on the success of socialist construction in our country," he added.

"Information from the top must reach party members quickly. The comrades conducting the training should receive far enough in advance the materials to aid them in their work," said the Dolmel plant party organization's

instructor, Florian Czmiel. "I expect that as the first to participate in the training this year, I will greatly expand my knowledge about many sociopolitical and economic problems troubling me and also gain information on Marxism-Leninism," said Zbigniew Krysiak, a recent Dolmel party candidate.

In his address, party secretary Henryk Bednarski referred to the tasks of the party following the Tenth Party Congress and stated that ideological work should be linked to practical work. The ideas we use must be confirmed in deeds. Only in this way can we change people's awareness and convince citizens that our ideas serve what is good and right.

More than 400 party members and candidates and 120 people who are not party members have begun the training program with the Dolmel basic party organization (POP). Alongside the training meetings at the POP, there will also be ideological training in groups and in ideological seminars. The education in the Workers Activists School, in which 40 persons will participate, will be based on cooperation with the master workmen's club.

[Editor's note]: PAP correspondents tell us that inaugurations for the new party training year have also been held recently in Ostroleka, Pila, and Szczecin.

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CSO:2600/117

LORANC VISITS LUBLIN PZPR

Lublin SZTANDAR LUDU in Polish 4 Sep 86 p 1

[Article: "Wladyslaw Loranc Meets With the Region's Party Activist Group"]

[Text] (From our own sources) The problems of work within the party and ideological training following the Tenth Party Congress were the subjects of a meeting yesterday between Wladyslaw Loranc, head of the PZPR Central Committee's Ideological Department, and students of the Intervoivodship Party School in Lublin who are lecturers of ideological training groups in four voivodships of our region and party activists of the Lublin Voivodship Committee.

The main reason for Wladyslaw Loranc's visit and the discussion during the meeting was to revitalize the party internally, particularly in terms of its lowest bodies' ability in the realm of political action. The director of the Ideological Department of the PZPR Central Committee also learned of the undertakings of the party voivodship group in Lublin following the Tenth Party Congress, especially as they pertain to preparations for implementing the modified system of party training.

10790

CSO: 2600/117

UNIVERSITY RECTOR VIEWS CAMPUS POLITICAL SCENE

Warsaw TRYBUNA LUDU in Polish 17 Oct 86 p 3

[Interview with Prof Stanislaw Legowski, rector of Mikolaj Kopernik University [UMK] in Torun, by Magda Sowinski]

[Excerpts] [Question] The official opening of the academic year has already taken place and normal university work has begun. What are the university's most immediate plans?

[Answer] The first matter is to work out a model for the school for the year 2000. At the departmental level, such programs have already been prepared and we are now synthesizing them in the rector's office.

Another important matter is the review of the teaching staff. We had our last such review last year. Periodic evaluation of academic teachers arises from the law on higher education and, depending on the term for which individual employees are appointed, reviews are conducted every 2 or 3 years.

[Question] Are you satisfied with the university staff?

[Answer] The group is varied, just as all of society is varied. At the university, as in every other group, there are active individuals and people who cannot always pride themselves on certain achievements. We can observe an entire range of social and political attitudes. But there is something that integrates these people--their place of employment, the university.

[Question] You mentioned various political attitudes.

[Answer] I feel much progress has been made in stabilizing the political attitudes of the UMK academic community. Which does not mean that this is a state of total stabilization. But by all indications, most of the university community has actively entered into the school's scientific, didactic and educational work.

[Question] Let's go back to plans for this year.

[Answer] The third matter with which the school will be dealing is elections. The term of school authorities ends this academic year. Elections to the

PZPR's University Committee will be held and as of March we will be preparing for the election of academic leaders--from the rector to the institute directors. And if the first subject I mentioned, the model for the school in the year 2000, does not elicit controversy, the two other matters--staff reviews and the elections--for obvious reasons can arouse emotions. But I think they will proceed in an atmosphere of calmness and understanding.

[Question] What would you wish for yourself in the foreseeable future--the next 5 to 10 years?

[Answer] As rector I would like to see the school grow and achieve even higher standing in Poland and abroad. And this can be accomplished only when the university is able to boast of above average scientific achievements and these, in turn, depend on university personnel. Will it be equal to these challenges? We will see.

Thank you for the interview.

12776

CSO: 2600/182

CALL FOR DISCIPLINE OPENS NEW ACADEMIC YEAR

Warsaw RZECZPOSPOLITA in Polish 1 Oct 86 pp 1,5

[Article: "The New Academic Year Begins: Activity and Work Discipline in Every School"]

[Text] This should be the guiding principle for the opening academic year, said Prof Benon Miskiewicz, minister of science and higher education, at a news conference on 30 September. Nationwide, 261,000 students will start classes on 1 October, including a significant number under much better circumstances. Higher education this year acquired nine new classroom buildings and four dormitories, which were very necessary, especially for the younger students, 51,000 of whom began this academic year.

At the start of the conference the minister discussed the results of this year's enrollment in higher schools. A total of 82,000 candidates, 1,000 more than last year, competed. This is proof that interest in college education among young people has not diminished. Fifty-six thousand candidates passed the exam. Among those accepted over 44 percent are worker-peasant youth, an increase of 4 percent. From the applications it is apparent that most popular among the candidates are the universities--an average of 2.3 for each place--and higher schools of education. Some examples will show the disparity in applications: Italian philology, 6.6 for each place, and physics, 0.7.

The minister said the schools are starting this year under normalized legal circumstances. The schools have already received ratified statutes and they are now the fundamental documents regulating all the schools' work. Executive instruments for the laws on higher education have also been issued and an instructional framework, on the basis of which the schools are preparing their own plans, has been worked out; the scholarship system has also been adjusted. Fears expressed in connection with legislative amendments, said the minister, have not materialized, as evidence by the past year, during which the new rules were already in use. Higher schools are already involved in their work, they are carrying out their agreed-upon assignments and research programs and fulfilling their obligations following from the laws. One should read this as a visible sign of ongoing normalization in this area.

The most important tasks for this year include working out programs of school development to the year 2000, adopting rules for student self-management

groups and school educational activity. Enrollment rules and a new system of educating college teachers are under preparation and the entire academic community should take part in this. In addition, the schools are also anticipating personnel reviews and elections to positions whose terms are ending. It will therefore be a year exceptionally rich in events and obligations, touching all employees of higher schools.

The minister also responded to reporters' questions. They dealt with rules for evaluating academic employees during the coming personnel review, social activities of higher school councils and cooperation with the main educational council, as well as capital investment, equipping laboratories and school financial circumstances.

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CSO: 2600/182

RESEARCH VIEWS YOUTH HISTORY AWARENESS, HERO FIGURES

Warsaw POLITYKA in Polish No 43, 25 Oct 86 p 7

[Article by Barbara W. Olszewski]

[Text] It is often said that young people do not care much for history, that they are bored in history classes and that they prefer unofficial sources to textbooks for interpretations of certain events from the past. Research conducted last year by a group from the Institute for Research on Youth Problems of the Office of the Council of Ministers, under the direction of Prof Jan Bogusz, (Footnote 1) (The state of youth historical knowledge (report on research). A group study; group director: Prof J. Bogusz; members: Dr D. Kociecka, Mgr D. Motyka, Mgr M. Palimaka. Manuscript, 164 pp. Warsaw 1986.) to a great extent contradicts this opinion and offers much material for consideration on current methods of teaching history in the schools as well as in higher education.

Surveyed as a nationwide sample were pupils from the higher grades of general and trade secondary schools, technical schools and basic trade schools, from provincial cities, towns and village throughout Poland and from various social groups. In the same schools where research on youth was conducted, interviews with history teachers were also carried out. Also surveyed were young people working professionally, aged 18-35 and those undergoing basic military service. Finally, freshman and senior students from various colleges (besides history students) were surveyed.

Is the young generation interested at all in Polish history? Teachers estimated that interest is average (about 70 percent of those surveyed were of that opinion). That is generally consistent with the statements of young people themselves: just 8.5 percent are not at all interested in the history of their country. The level at which young people make use of past experience varies according to their social and professional situation. The least interest in these matters can be observed among students and working youth (more than 60 percent of those surveyed admit to this), while the highest interest in these matters can be encountered among intermediate school pupils (more than 7 percent describes themselves as fascinated with history and only 4.5 percent express indifference toward it). The reasons for youth interest in the history of Poland: a desire for thorough knowledge of their country's

past, broadening of knowledge treated in more general categories and the country's current socio-political situation.

To which periods is youth attention mainly directed? History teachers feel that they are most interested in the Poland of the Piasts and the Second Republic, which does completely reflect the actual situation. For young people prefer mainly the period of People's Poland (almost 36 percent) and place the Piast era in second place (27 percent), while only about 9 percent of those surveyed noted interest in matters of the Second Republic. This period is merely a subject of intense investigation by students. Thus the survey results do not confirm the hypothesis, recently rather frequently expressed, on particular interest by all young people in the affairs of interwar Poland, which--in the estimation of the younger generation--was the most positive in our history.

What sources of historical information do our young people use? More than 80 percent of pupils at various kinds of schools get information on Poland's past from the so-called official circulation of historical data, more than 17 percent from a private source (parents) and only .3 percent from an opposing source. College students, like pupils, base their knowledge on official (over 90 percent), private (about 4 percent) and opposing (5.4 percent) sources. Analogous data regarding working youth are as follows: 95 percent, 1.8 percent and 4.2 percent, with those undergoing basic military service at 94 percent, 2.3 percent and 3.7 percent. As one can see, the significance of the influence of the so-called second source of information on the historical awareness of the young generation is overestimated.

Who and why, in the opinion of young people, made the greatest contribution to the history of our nation? History teachers noted 58 names which, in their opinion, are the most popular among pupils, with Pilsudski, Kosciuszko, Sikorski, Gomulka, Sobieski, Chrobry, Kazimierz the Great, Poniatowski and Dabrowski at the top of the list. Their choices were generally accurate, since of 206 names of their heroes, young people mentioned these same ones, but added Mieszko I, Jagiello, Mickiewicz, Kopernik and John Paul II to the "top ten" (W. Gomulka was moved to a lower position). Of the figures names as models by pupils, more than 25 percent were military leaders, almost 17 percent political leaders, over 15 percent representatives of science and 14 percent cultural figures. Young people think highly of them for their ideas, their concrete military or socio-political achievements and their character traits. In the university group, scientists (Kopernik, Curie-Sklodowska) are more popular than military leaders and cultural figures. They also hold similar positions, closer to the top, on the lists compiled by the remaining youth. On this basis one could suppose that compared to previous years, young people are seeking models in the political traditions less frequently and reaching more often to scientific and cultural traditions, to the people of "organic work." Which does not mean that the cult of fighting for freedom is no longer valid among them, evidence of which is the nomination, by all groups of young people without exception, of Tadeusz Kosciuszko as national hero number 1.

How does youth's rudimentary knowledge of past stand? Those surveyed were given four assignments to complete: put 10 historical events in chronological

order, give specific dates for specific events, give the names of Polish military leaders in famous battles and describe several figures from the past. The ratio of correct responses to these assignments was 56 percent, which in school language translates to a C. Young people showed rather good knowledge in the chronology of historical events, familiarity with Polish military leaders was significantly less and knowledge about historical figures was worst. For example, only half of those surveyed knew who Anders, Gomułka, Bierut, Piłsudski and Waśkowski were and only 30 percent showed knowledge of the work of Dzierżyński, Nowotka and Rapacki. Of activists and ideologists in the Polish worker's movement, Waryński was best known, as was Grot-Rowecki in the resistance movement. Youth activist J. Krasicki was known to barely one-third of those surveyed. The youth figure S. Dubois is almost completely unknown. This confirms the arguments that young people are in touch mainly with "event" history, preferred by the schools as well as the media and popular science literature.

What periods in Polish history do young people see as the most significant, as those in which our society demonstrated the highest accountability for the nation's future? About 33 percent of those surveyed mentioned World War II, over 20 percent national uprisings, about 7 percent the beginning of the 1980s, 5 percent the period of the Swedish invasions and 4 percent the time of the 3 May Constitution. Military events giving evidence of Polish heroism (World War II, victories in specific battles over the course of history) were the main reason for pride for the contemporary young generation. Over 61 percent of those surveyed expressed such opinions. For a much smaller group, such occurrences as the 3 May Constitution, the Christianization of Poland, the rebuilding of Poland after the last war and specific scientific achievements were a reason for satisfaction.

Among inglorious events from Poland's past, in the opinion of youth, the partitions, crises in the years 1956-76, the liberum veto, Żołzie and the crisis of 1980-81 came to the fore.

The authors of the study conclude that among young people the victory-martyr view of the history of Polish people and state continues to dominate (about 60 percent of those surveyed see it this way). Barely 9 percent represent the socio-political methods of evaluating history, while every fifth respondent had no developed evaluation of the past.

Among the most important phenomena during the period of People's Poland, young people named recurring crises, Solidarity, the imposition of martial law, Poland's peace policy and economic reform. Young people see agricultural reform, educational reform, nationalization of industry and introduction of the socialist system as the most important accomplishments of People's Poland. One-third of those surveyed did not want to or could not define their own attitude toward the most recent period in our country's history, which may be the result of their having insufficient information on this subject.

In answer to the question, in which country would you like to live if you had been born without a nationality, 43 percent named Poland, about 33 percent preferred a different country (reasons: its domestic accomplishments, climate, important position in the international arena). The white eagle (74.5

percent), anthem (72.2 percent) and red and white flag (61.7 percent) were the basic symbols identified most strongly with the nation by the young generation. Others were the oath and the anchor--the mark of militant Poland. Do young people feel the need to participate in celebrations of anniversaries of important historical events? Over 80 percent of those surveyed value the anniversary of victory over fascism very highly, and 76 percent the anniversary of the regaining of Polish independence. More than half see the purpose of commemorating the anniversaries of the 3 May Constitution, 22 July and the September catastrophe.

How do both groups evaluate history education in the schools? More than 84 percent of teachers are of the opinion that the time allocated to history in the schools is absolutely insufficient. Nearly 30 percent of pupils, mainly from trade schools, are of a similar opinion. As is apparent, history teachers have fairly good instructional and educational resources for teaching the subject. More than 80 percent of the schools have independent history work areas, 52 percent national commemorative rooms, 82 percent specialist libraries and audio-visual media. In preparing for classes, they use mainly specialist studies (48 percent), books of various kinds (18 percent) and records and documents (15 percent). About 10 percent of teachers base their classes on textbooks, while only 2 percent use radio, television, the press or films. In their own opinion, most often they conduct history classes based on their own lectures, supplemented by maps, diagrams, slides, etc. But in the estimation of young people, this is not necessarily the case. According to them, classes are conducted mainly from dry lectures, during which half of the pupils are bored.

More than 53 percent of teachers demand changes in the current history curriculum. Teachers with more than 20 years experience offer the most critical remarks on the method and substance of history education. Many of them express the opinion that young people should know all of Polish history above all, as well as the events--mainly socio-political crises--occurring in People's Poland. Somewhat fewer would disseminate among youth information about the Second Republic, events from World War II and the Christianization of Poland.

Young people themselves have very similar attitudes on this subject. They concede that there are many issues and subjects, especially from the most recent history of our country, that are not fully clear to them and which arouse their interest. Among these are modern history, especially after 1980, the Second World War and the first years after its end, the Second Republic and the period of People's Poland. Among particular issues often mentioned were the origin of the PZPR, the role and origin of political parties up to 1918, relations with the USSR in 1939, the partitions, the causes of World War II, the Warsaw Uprising, the significance of the manifesto of the Polish Committee of National Liberation, the year 1956 and the role of the PZPR. Among the figures whose role and significance are little understood by them are Sikorski, Pilsudski, Anders, Bierut, Gomulka, Gierek and Stalin.

It is typical that the events young people find most difficult to understand deal with the times closest to them. Teachers confirm this and in their opinion, among the subjects that invariably interest pupils are multi-lateral

relations between Poland and the USSR (from recovery of independence to the present), socio-political and economic crises in People's Poland and certain events during World War II and the interwar period. Questions surrounding our national uprisings also arouse some controversy.

Full agreement between teacher and youth statements on unclear points in history education is evidence that difficulties in interpreting certain events and phenomena from the past are not foreign to the adult portion of our society either, from which specific conclusions should emerge for school and social history education. Perhaps they will be drawn, for the survey results, reported by us in much abbreviated form, are soon to be submitted to the Research and Analysis group of the Committee on the School History Curriculum of the PZPR Central Committee, where it will be a subject of debate.

12776

CSO:2600/182

STUDENT ASSOCIATION ON 'PROGRAMMATIC STAGNATION'

Warsaw TRYBUNA LUDU in Polish 22 Sep 86 p 2

[PAP report: "Useful Year of Intensive Program Development"; passages in slantlines printed in boldface]

[Text] /The student organization needs a year of intensive program development effort. We are capable of initiatives, which while strengthening the organization, would at the same time serve the entire academic community well - stressed the participants of the national convention of the ZSP [Polish University Students Association] **aktiv**, which met in Uniejow, Konin province, on 19 and 20 September.

As was stated in the discussion on the directions for the activities of the association in the new academic year, the implementation of such intentions is now an acute necessity for the student movement, which has settled into a period of certain programmatic stagnation and complacency with what has been achieved to date.

"During its 4 years of operation, the reborn student movement has grown strong and struck root in colleges, overcoming many difficulties./ The fact that it now extends to an increasing number of previously passive academic communities and its attractive scientific, cultural, athletic and tourist programs are winning over new supporters, testifies to the success of the current concept of the student movement" - said Politburo member, PZPR CC Secretary Tadeusz Porebski, addressing the participants of the convention.

/ He also dwelled on the situation in higher education and Polish science and outlined the prospects of socio-economic development in our country./

Czeslaw Krolikowski, deputy minister of science and higher education, responded to the questions, remarks and suggestions of those taking the floor concerning the life of colleges. He informed the audience about the plans of the ministry for the new academic year.

9761

CSO:2600/87

POZNAN IDEOLOGY SESSION VIEWS EDUCATION

Poznan GAZETA POZNANSKA in Polish 11 Oct 86 p 2

[Article: "Education and Moral Training Problems Discussed by the Poznan PZPR Voivodship Committee"]

[Text] A meeting of the ideological secretaries of the city section, town, and parish party echelons and deputy directors of Regional Party Work Centers of Poznan Voivodship met on 10 October at the Poznan Voivodship Committee of the PZPR. The meeting was chaired by Jan Mackowiak, PZPR Voivodship Committee secretary, who discussed the tasks and directions for development of education and formation implied by the resolutions of the Tenth Party Congress, the Fourteenth Central Committee Plenum, and the plenum of the PZPR Voivodship Committee. The meeting was attended by R. Zysnarski, deputy voivodship governor of Poznan Voivodship; education and moral development curators, the chairman of the regional board of the Union of Polish Teachers, and voivodship representatives of the boards of the Polish Scouting Union and the Union of Polish Socialist Youth.

The people who took gave particular attention to improving the training and instruction work of the schools, to the need for further development of the education base, especially the preschools, basic schools, and housing for teachers in rural areas, and to providing for highly qualified personnel for education.

There was also emphasis on past commitment and the need for further help from the society and from work establishments in solving the problems of education and moral development.

10790

CSO: 2600/117

ABSENCE OF PROMOTIONS AMONG YOUTH NOTED

Warsaw ZYCIE WARSZAWY in Polish 30 Oct 86 p 3

[Article by Ewa Wanacka in TRYBUNA ROBOTNICZA 24 Oct: "One Minister Does Not Make Spring"]

[Text] At TRYBUNA ROBOTNICZA we hosted Aleksander Kwasniewski, minister for youth affairs, who countered all facetious statements such as "we need to appoint a minister for the affairs of middle aged people and we could also use a minister on retirees" with data, offering much food for thought.

There are 18 million young people in the country, comprising half of society. In order to obtain an answer as to how well people age 35 and under are represented in managerial positions, a balance sheet of 25,000 applicable positions in every department was drawn and barely 600 people in that age group were found.

A good number--44 young people--were managers in the "Prasa" Worker's Cooperative Publishing House, but in the institutions that should be closest to youth, i.e., the Ministry of Education and Instruction or the Main Committee for Physical Culture and Tourism, there was barely one person under age 35 in a managerial position. It was no better in other departments in applicable managerial positions.

I do not know if minister Kwasniewski really has an effect the penetration of promotions but he says that the emperor has no clothes. A young person here is kept for quite some time in the personnel refrigerator. And when he is already worn out and life has plucked his feathers, when he has cooled down and lost his kick, only then does the blockade yield.

12776

CSO:2600/182

OPOLE DELEGATES DISCUSS LABOR CODE, UNION ISSUES

Opole TRYBUNA OPOLSKA in Polish 9 Sep 86 p 1

[Article by (B): "Views and Assessments"]

[Text] A meeting of the provincial Sejm delegation combined with a visit to the shops of the Malapanew iron the steel plant and a review of the most important issues of the city was held yesterday in Ozimek. While putting forward their achievements, the hosts of the meeting used the visit of delegates to point up issues which cannot be resolved with local resources.

The basic topic of the meeting involved working out a stand of the provincial delegation on the government draft amendments in the labor code and evaluating the implementation of the law on trade unions. Also, the course and results of meetings and receptions by the delegates in the first half of 1986 were summarized, and complaints and requests submitted to the provincial delegation were analyzed.

An extensive document concerning draft amendments to the labor code was prepared on the basis of statements submitted to the delegates by the PRON [Patriotic Union for National Rebirth], provincial Trade Union Association, provincial court and the largest industrial enterprises of our province. In the discussion at the meeting, the necessity of endowing the trade unions with the authority of an equal partner in collective bargaining was especially stressed (the draft envisages consultative powers). The consensus was that the envisaged amendments should be an element of comprehensive actions putting the issues of labor and wages in order, because the anomalies, paradoxes and even nonsensical arrangements prevailing in this sphere are a destructive influence on social awareness and economic results.

The implementation of the law of 8 October 1982 on trade unions in our province was evaluated positively, which is not to say that all of the practices give cause for excitement. The organizational strength of the trade union movement differs among particular enterprises; on occasion, enterprise management is not aware of the provisions of the law; at times, good knowledge of regulations of the law is not accompanied by equally good cooperation between the management and the trade union. There were no reservations regarding the law itself, which goes to prove that it was well designed and has met the expectations associated with it.

The meeting of the provincial delegation, chaired by delegate Elzbieta Rutkowska, was attended by the members of the Socio-Economic Council from Opole as well as as Chairman of the WRN [Provincial National Council] Mieczyslaw Rzepiela, Chairwoman of the PRON [Patriotic Movement for National Rebirth] Provincial Council Maria Nowakowska, Chairman of the WPZZ [Provincial Trade Union Association] Jozef Piechota and Deputy Governor Ryszard Zembackzynski.

9761

CSO:2600/87

BRIEFS

CONTINUED FILM CENSORSHIP NOTED--Kazimierz Mlynarz made a very pointed observation in the weekly NURT: "Pursuant to a special resolution of the Sejm of the PRP we are currently releasing people from prisons. At the same time, we have no courage to release a dozen Polish movies from the shelves and send them at a minimum to repertory cinemas". Deputy minister Bajdor promised a lot, but for a long time there was nothing happening in the matter. Only now has there been some movement and, after no end of disputes, four "shelf-sitters" have finally been released (exclusively to repertory cinemas and DKF [Film Discussion Clubs]). These are "The Great Run" by Domaradzki, "Chance" by Krzysztof Kieslowski, "Freelancer" by Wieslaw Saniewski and "Child's Episodes from Provincial Life" by Tomasz Zygodlo. There are still other titles to be released and dusted off. [Text] [Poznan WPROST in Polish No 39, 28 Sep 86 p 3] 9761

ORWELL'S LITERARY VALUE DEFENDED--So many bad things have been written in our country about the prose by George Orwell (e.g. Kaluzynski in POLITYKA), and now it suddenly turns out that he is not nearly as dangerous as they have been trying to have us believe. Recently, the Literary Publishing House brought out his early novel, "Keep the Aspidistra Flying", which we have extensively discussed in our magazine, and right away Eugeniusz Guz in KULTURA (isn't that a surprise!) spoke up for further novels by Orwell, including "1984". The fifth issue of LITERATURA NA SWIECIE is almost entirely devoted to the writings of the author of "Animal Farm." So, what has happened? Orwell has become one more example proving that literature cannot be treated in a purely instrumental fashion, cannot be judged by simplified political standards. The nonsense of the latter becomes apparent after a while anyhow. So, who will be the first to publish the next [work by] Orwell? [Text] [Poznan WPROST in Polish No 39, 28 Sep 86 p 3] 9761

POOR WORKER IMAGE IN LITERATURE--Jan Pieszczechowicz asks: "Where in the world is the working class in literature? Oh yes, it appeared in the 1970s in the "labor novels", usually in the capacity of passive walk-ons in a plot driven by paper directors or party functionaries. In these writings, the non-descript intelligenzia of the novels did not reflect the attitudes and divisions actually occurring. Poland between December 1970 and August 1980 (along the way, there was also year 1976) came across in many writings as an almost idyllic land. Certainly, a future literary historian will be

surprised by this flight from realistic vision." [Text] [Poznan WPROST in Polish No 39, 28 Sep 86 p 3] 9761.

SOCIALIST YOUTH UNION MEETING--An on-location meeting of the Executive Board of the ZG ZSMP [Main Administration of the Union of Socialist Polish Youth] was held on 15 September in Gdansk. It reviewed current work in the Tricity echelons of the union and especially in the large enterprise chapters. A meeting with the ZSMP members building the first Polish nuclear plant in Zarnowiec was also held. Chairman of the ZG ZSMP Jerzy Szmajdzinski was received by Stanislaw Bejger, deputy member of the PZPR CC, first secretary of the PZPR Provincial Committee in Gdansk. The discussion concerned current issues of operation and development of the provincial ZSMP organization, the issue of the young generation getting involved in implementing the resolution of the 10th PZPR Congress, in developing and strengthening the trade unions and promoting economic and scientific-technical initiatives by young people [Text] [Warsaw RZECZPOSPOLITA in Polish 16 Sep 86 p 2] 9761

RECTOR AGAINST MORE COMMISSIONS--Prof Jozef Kaleta, rector of the Economics Academy in Wroclaw, from a statement for PRZEGLAD TYGODNIOWY 26 October: "Whenever I hear about the need to appoint some committee, subcommittee or council on culture, youth, food management or a thousand others, that are supposed to deal with wrongs and correct defects and errors, I am reminded of the opinion of Professor Ludwik Hirsztfeld. He said that attempts to improve the state, administration or economy by appointing committees and councils that are supposed to meet and debate is like an attempt to speed up a train by increasing the number of cars and passengers." [Text] [Warsaw POLITYKA in Polish No 46, 15 Nov 86 p 2] 12776

SOVIET LITERATURE 'OCCASIONALLY' READ--Ziemowit Fedecki, translator of Russian and Soviet literature, in an interview with Halina Kowalska in KIERUNKI 9 Nov: "For years I have been trying to have Soviet literature treated normally, like every other literature. Here, unfortunately, it is, or at least has been, treated commemoratively. Our periodicals deal with it either in May or November. Moreover, some of its durable values have already been acknowledged. Yet it is a literature like every other--one writer writes well, another badly. That is normal. It seems to me that one could settle this entire issue quickly by applying normal critical criteria, that is, by translating and publishing good books and eliminating poor, second rate things from publishing programs. The fact that Soviet literature is treated casually here means that its range is much narrower than years ago when Soviet literature was publishing efficiently and in great quantity. [Text] [Warsaw POLITYKA in Polish No 46, 15 Nov 86 p 2] 12776

CSO: 2600/182

POLITBURO MEMBER OVARI ADDRESSES YOUNG PIONEER CONFERENCE

Budapest MAGYAR NEMZET in Hungarian 15 Dec 86 pp 1, 7

[HUNGARIAN TELEGRAPH AGENCY report: "Conference of Pioneer Troop Leaders"]

[Text] The 9th National Conference of Pioneer Troop Leaders, at which about 1.5 million pioneers and over 100,000 pioneer troop leaders were represented, opened on Saturday [13 Dec 86] in the the Attila Jozsef Cultural Center's auditorium in Salgotarjan.

The conference's presidium included the following: Miklos Ovari, a member of the MSZMP Politburo; Judit Csehak, deputy premier; Istvan Petrovski, director of an MSZMP Central Committee department; Gabor Deak, state secretary, chairman of the State Office of Youth and Sport Affairs; Kalman Abraham, state secretary, chairman of the National Bureau of Environmental Protection and Nature Conservation; Ferenc Solyom, secretary of the SZOT [National Council of Trade Unions]; Janos Geczi, first secretary of the Nograd Megye MSZMP Committee; and Laszlo Domonkos, a secretary of the KISZ Central Committee.

Istvan Haraszti, a secretary of the Hungarian Pioneer Federation, recalled in his opening address the 1983 conference in Miskolc, the slogan of which had been "Responsibility and Advancement." The three years since then have produced tangible results in the federation's regeneration, he said, but there is no cause for complacency. Very much hard work has yet to be done to attain the objectives formulated at that conference.

According to the written report submitted to the conference, the 2.0 million families in Hungary have 2.3 million children. This is 21.6 percent of Hungary's total population. As a result of the increase in the number of state institutions for children--kindergartens and schools providing day care--the number of unsupervised children has dropped, but even so nearly a third of the children in the 11 to 14 age group still spend a large part of their day without any supervision. Enrollment is rising faster than the number of schools, and in this situation the burden on the school collectives is ever greater. Laszlo Varga, the secretary general of the Hungarian Pioneer Federation, pointed out that a substantial proportion of the families are now able to provide for their children only through much greater effort, due to the well-known difficulties stemming from the country's economic situation. For this very reason, the Hungarian Pioneer Federation is supporting and urging a reduction of the costs of raising children, a modernization of the grants

and services that will be more in line with the actual need of the families and children.

Peter Friss, a secretary of the Hungarian Pioneer Federation, offered oral amplification on the federation's proposed new by-laws and rules of procedure. He emphasized that the proposed formulation of the principles of organization and operation reflects the movement's experience over several decades. The drafts of the basic documents incorporate the views that many pioneers and troop leaders expressed in the course of the nationwide debate.

Deputy Premier Judit Csehak emphasized in her speech the conference's importance. Through its decisions, resolutions and recommendations, the conference will have influenced the lives and activity of the generations who will already be helping to shape society around the year 2000.

In recent years--in research on education and in the social sciences, and through self-critical analysis of our own work--we have recognized that it is not enough to work for our children, but that we must work together with them. We have realized that it is better to let the children themselves decide whether they want to play war games [in which the player whose number the opposite team has identified is out] or solve problems on a computer. And that it is better to let them shape the lives of their collectives the way that will be the most enjoyable for them.

On the question of how the school, family and adult society can best help the organization of our youngest children form dedicated, modern collectives that function independently, Judit Csehak underscored, among other things, the epoch-making significance of the Education Law, which grants democratic rights to our children. Practical implementation of these rights poses an important task for the pioneer troop leaders. It is their duty to explain to the children--all school children, not only the pioneers--their rights, to help them form student self-governments, and even to accustom teachers to treating the children as individuals. The troop leader must safeguard and represent the interests of the pioneer troop and of the children, even against the faculty and individual teachers when necessary. Let school principals be evaluated also on the basis of their relations with the pioneer troop and the pupils.

In conclusion, the deputy premier called attention to the uncertainties that are still being encountered in the Education Law's interpretation and implementation. The supervising agencies, she said, must aid with great patience the processes by which this law is being implemented, taking care to ensure that the decisions are made in the school and its environment.

Miklos Ovari, a member of the Politburo and a secretary of the MSZMP Central Committee, began his address by conveying to the conference the greetings of the Central Committee, and the best wishes of Janos Kadar, its general secretary. He emphasized that the MSZMP values highly the activity of the Hungarian Pioneer Federation and considers the education of children as a task of outstanding importance.

In barely 10 to 15 years from now, the pioneers will be skilled workers, teachers, economists, engineers or doctors. They will constitute the young main army which, hopefully, will be working dynamically to advance the cause

of their fathers. The Central Committee, said Miklos Ovari, not only agrees with the principal direction of the intentions and plans that the Hungarian Pioneer Federation's National Council has outlined in its report, but also supports the extremely important work of the pioneer movement.

The Hungarian pioneer movement is one of the progressive trends in society's development. Creation of a highly developed socialist society is at least as complex and difficult as the gaining or defense of power has been. It involves very great tasks of revolutionary significance, tasks able to mobilize our youth.

Work requires independent thinking and initiative, emphasized the Central Committee secretary. And the pioneer movement, too, must train the children to meet these requirements.

With reference to the ideas on the representation of interests in the report of the Hungarian Pioneer Federation's National Council, Miklos Ovari pointed out that a child's most important interest is to receive suitable training for life, because his future life will be determined by what he learns at this age.

Children need ideas, sensible and attainable goals, and collectives as well as opportunity to test their strength, their physical and intellectual abilities.

The pioneer movement can replace neither the family nor the school, and all three share responsibility for the education of children. On the basis of the conference's proceedings and the reports presented there, Miklos Ovari approved the movement's desire to establish closer ties with the families, and its request for the teachers' continued support. He emphasized the role of the example that the teachers set, and even of their personal appeal.

Concluding his speech, the secretary of the MSZMP Central Committee thanked on its behalf the troop leaders and adult volunteers for their selfless public work.

The conference continued its plenary session on Sunday. State Secretary Gabor Deak, chairman of the AISH (State Office of Youth and Sport Affairs), emphasized in his speech that one of the main tasks of the AISH is to streamline and better coordinate youth and sport affairs, and to integrate them into public administration, the social programs, and the system of national economic planning.

The conference elected the Hungarian Pioneer Federation's 11-member National Council and 15-member National Presidium. Laszlo Varga has been re-elected as the federation's secretary general. Its secretaries are Peter Friss, Maria Mrazik, and Jozsef Toth.

The conference ended with a closing address by Laszlo Varga. The final plenary session awarded decorations and prizes to the troop leaders who have distinguished themselves in the movement. Seven received the "For the Children" medal of merit, the Hungarian Pioneer Federation's highest award.

NEW RELIGIOUS ORDER FOR WOMEN AUTHORIZED

Budapest ESTI HIRLAP in Hungarian 23 Dec 86 p 18

[Article by Peter Bencze Szabo: "Formal Interview With the Administrator of the Esztergom Archdiocese"]

[Text] On 1 December, the State Office of Church Affairs authorized the founding of a new religious order for women, to be known as the Society of Our Lady of Hungary.

It is not easy to obtain a formal interview with the administrator [vicar capitular] of the Esztergom archdiocese. And not because Dr Janos Fabian, the administrator, isolates himself from the world and the press corps. But simply because he does not have much time and is traveling constantly between Budapest and Esztergom.

A freshly painted large portrait dominates the room furnished with antiques on the second floor of the Primate's Palace in Esztergom. It is the portrait of the Primate, Laszlo Lekai.

"The Cardinal himself proposed the founding of the new order," said the administrator, pointing to the portrait and offering me a seat. He would like to continue the formal interview, but there are interruptions. Several telephone calls from the chancery, seeking advice and asking for instructions. Affairs are being administered here, just like in any other office. Church affairs, including the new religious order as one affair among the many.

"All religious orders, for men and women, were disbanded in our country in the summer of 1950. But four orders, three for men and one for women, were formed anew a few weeks later and have been operating ever since. Thus the Society of Our Lady of Hungary will be the fifth religious order," begins the canon with sketching the background.

He was born in 1918. His father, Gaspar Fabian, was a well-known architect who designed the Margit Kaffka Gimnazium on Villanyi Road, among other buildings. But the younger Fabian felt that the care of souls was his vocation. After graduating from the Benedictine Gimnazium in Esztergom, he studied at Vienna University, obtaining doctorates in church history and theology. He taught religion in a gimnazium for a time, became a secretary in the Primate's Palace, and then the prefect and subsequently the rector of the

Theological Seminary. From 1969 on he was pastor of Matthias Church. He became a canon and the Saint Stephen Society's vice president in 1977. And as of June of this year he has been administrator of the Esztergom archdiocese.

Teaching, Nursing

"The Benedictines, Piarists, and Franciscans are teaching in two gymnaziums each. The only religious order for women, the Poor Teaching Sisters of Our Lady, has its motherhouse in Szeged and maintains two gymnaziums for girls. The sisters are teachers and are not active in charities," says the administrator as he stands up and goes to yet another memento of the Primate, a bronze bust.

"We gave the Cardinal this bust on his feast day. He died three days later. A year ago, on 7 December, he wrote to the Congregation of the Religious, in Rome, requesting permission to establish a religious order for women, one with the status of a diocese. Permission from the Holy See arrived in mid-February of this year. And the Society of Our Lady of Hungary was formed in the spirit of the good relations between the state and the church.

"This religious order for women--and that is the official designation; only laymen would call it a sisterhood--will not be strictly a nursing order. Its members will staff the 11 bishop's chanceries in Hungary, the three abbeys and the motherhouse of the four teaching orders, the eight gymnaziums, the homes for retirees and the poor (e.g., the home named after John XXIII), the home for the blind, the institute for persons with impaired mobility, and all the charities. Primarily the church itself has been urging the founding of the order, because we need workers and nurses. Just as there is a shortage of nurses in civilian life, the church too is having problems in this respect."

Elected Mother Superior

The order is still being organized. Applications will be accepted after 1 January 1987. I asked the administrator how many applicants they were expecting.

"We have not conducted any surveys and do not know whether there will be a dozen or a thousand applicants. The church will be supporting the sisters for the time being. More exactly: they will not be sisters, only novices, for the first two years. After all, they will have to study. Nursing, among other things. If after the two years they change their minds, they will be able to return to civilian life. Of course, they will want to have their own convent. The land has yet to be designated for this purpose, and the necessary funds must be obtained. There is still much to be done."

For the time being, the order has four members. One of them will be appointed the mother superior. But when her term of office expires, the next mother superior will be elected. Democracy will prevail.

EXCLUSIVE CLUB BUILT WITH INTERNATIONAL STOCKHOLDER MONEY

Budapest ESTI HIRLAP in Hungarian 10 Jan 87 p 3

[Interview with Dr. Sandor Gombos by Pallagi: "Tihany in Winter and Summer. Club of Unusual Needs"]

[Text] The Balaton, in the winter...Just as dead as it was 10-15 years ago. Not only are the hotels empty but most of the restaurants are closed also. The Club Tihany though, built not long ago on the north shore, received a quite large group of guests. Three hundred visitors bid farewell to the past year and celebrated the new in the main building of the hotel complex. There were very few foreigners among them, the majority being Hungarian guests.

Shareholders

This was no accident, as I learned from Dr. Sandor Gombos, the executive director of Tihany Shareholders' Club. For this occasion, primarily Hungarian guests were invited at exceptionally favorable prices, so that they could become acquainted with this new vacationing form and spread the news about it. Because this club is a unique establishment of Hungarian tourism not only in its size and form but also in its operational system. The construction of the club cost 1 billion 700 million fts. The amount was put together by an international stockholders' company. The majority of the Hungarian stocks was made up by the 13 hectares [32.11 acres] of land parcel, valued at 300 million fts, which was given to the construction by HungarHotels. Foreign partners brought the rest of the money and the capital necessary for the operation of the club. The result is a restricted vacationing-complex, capable of accomodating 1500 guests and of satisfying special demands. A unique feature of the Club means that guests can not only get hotel accommodations but can also find innumerable sports- and leisure-time services. We talked with Dr. Sandor Gombos about the experiences of the first operational months.

[Gombos] "This year is not typical in many respects; we entered the market as an unknown club, also construction was going on all summer. In spite of this we didn't close a bad year: in October we had 1 million German Marks of revenue. In the last two months, Hungarian guests filled the house. This too proves that there is also a demand domestically for services and accomodations of such quality."

Infrastructure

[Pallagi] "The infrastructure of the Balaton foreign tourism is not too developed: problems of manpower, of goods procurement, of communication and

deliveries complicate development. How can the standard expected of the Club Tihany be sustained in such an environment?"

[Gombos] "These problems affect us, too. There is no available and competent manpower; for workers to settle here from elsewhere is virtually impossible. At the present most of them live in work-hostels, but even obtaining the necessary permits for the purchase and renovation of the buildings for this purpose wasn't very simple. Even though the county's commercial organizations give a lot of help, we still have difficulties with the procurement of bakery-goods, milk and of fish. In the future we can only imagine the replacement of manpower to be drawn from local Tihany schools. Already this year we are paying stipends for twenty Tihany students."

Daily Admission Ticket

[Pallagi] "There have been many complaints that vacationers in Tihany cannot enter the grounds of the club..."

[Gombos] "But we do not exclude anyone vacationing in Tihany from our grounds: everyone can purchase a daily admission ticket--of course you have to pay the higher prices commensurate with the higher standard--and then they can use our facilities, and can take advantage of our services the same way as our guests do."

[Pallagi] "What are your business prospects for this year?"

[Gombos] "We have already rented out our 161 fully equipped cottages; we have reservations for 90 percent of our hotel beds for the coming year. We are now taking a two-month recess, so that we can finish the construction of our two restaurants and a 200-person capacity congressional hall. Beginning in March we will again receive our Hungarian and foreign guests."

SURVEYS ON CLASS DIFFERENCES PRESENTED AT CONFERENCE

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 9 Nov 86 pp 28-29

[Article by Ljuba Stojic: "Whence Social Apathy"; first paragraph is introduction]

[Text] To the question of whether there is exploitation in socialism, a group of Zagreb researchers responded that the "class of collective owners" (political and economic leaders) "manages and plans" while the "working class" (manual laborers and intermediate employees) "performs": these two classes are mutually antagonistic.

Whenever sociologists concern themselves with studying the stratification of society, they are actually interested in how profound existing divisions in the opportunities available to the members of different groups are, and in the extent to which these divisions sustain a charged situation that can be transformed into social conflicts of serious proportions.

This was demonstrated by the recent meeting of researchers at the "Sicherlov conference" in Ljubljana, devoted to "changes in the social structure of contemporary Yugoslav society." This was not the first gathering dealing with this subject. In recent years, interest in studying the class structure of our society (about which NIN has written on several occasions) has been on the rise among sociologists. However, this meeting--with which the Ljubljana Faculty for Sociology, Political Science and Journalism marked its own 25th anniversary--stands apart from the others. First of all, it concerned itself with establishing scientific facts and with interpreting them instead of with theorizing "intellectually" (with some exceptions, to be completely honest). In addition, this gathering drew a large number of researchers from various Yugoslav centers who are doing concrete work in this area, and was not limited to like-minded people (although here as well "there was not enough time" for true debate to unfold).

Classes and Strata

Generally speaking, is our society divided into classes? There was no doubt among the researchers concerning the answer to this question. All of them, regardless of the initial assumptions that they use, agree that it is possible to isolate societal groups with significantly different opportunities (for

material acquisitions, education, participation in political decision-making, etc.). Some of them call these groups classes, others call them strata, and some simply "elements of stratification."

Skeptical voices were heard at the Ljubljana gathering concerning this question. Is it possible today to talk seriously about Yugoslav society as a whole? Would it not be more accurate scientifically to use the plural--"Yugoslav societies"?

The majority of the studies presented here were limited to one republic (Croatia, Slovenia, Serbia) or even to one large city (Zagreb, Belgrade). Nevertheless, one Yugoslav project was carried out on the basis of a unified questionnaire and methodology. This was the "Class Existence of the Yugoslav Society" study, which, as commissioned and financed by the Central Committee of the LCY, was planned by a joint team of researchers from all RPs (Slavic abbreviation for "republics and provinces") from headquarters in Ljubljana.

"Is our society divided into classes?"--although they know the answer, the researchers posed this question to citizens. Professor Mihajlo Popovic, head of the Belgrade research team, asked the same question in a survey 12 years ago throughout all of Serbia (although this year only citizens of Belgrade were surveyed). About two-thirds of the responses were in the affirmative, both then and now. However, shifts were evident in the answers from individual strata. Thus, for example, there was a significant decrease in the number of workers who view our society as classless (from 34 percent in 1974 to 8 percent in 1986), while among high officials this viewpoint is fairly widespread even today (37 percent).

From Differences to Antagonism

In Marxist theory, the class divisions of a society are an essential assumption of exploitation. Is there exploitation in socialism? The Zagreb team of researchers working on the project "Societal Structure and Mobility in SR Croatia" (the results of which were published in NIN in May and September of this year), under the leadership of Dr Mladen Lazic of the Institute for Social Research and Duska Sekulic of the Department of Philosophy, concluded that the "class of collective leadership," consisting of the strata of political and economic leaders, plans and manages, while the working classes, consisting of the strata of manual workers and intermediate employees, performs, and that these two classes are mutually antagonistic. Other researchers content themselves with objectively noting societal and technical divisions, depending on people's status, and noting resulting "social differences" or "social inequities," without mentioning "class antagonism," considering that there is not enough basis for this in fact. One unmistakable representative of this viewpoint at this year's "Sicherlov conference" was Dr Ivan Siber of the Department of Political Science, who is the leader of the Zagreb section of the "Class Existence..." project; but this was also the attitude of Belgrade researchers concerning the "Social Inequities in Our Society" project, the head of which was Dr Popovic.

"Is there exploitation in our society?" was the question that Professor Josip Zupanov and his colleagues asked young workers within the framework of the

study "The Culture of Young Workers in SR Croatia." Two-thirds of those surveyed responded in the affirmative. "Can workers defend themselves against exploitation, and how?" was another question asked of the young workers. As many as one-third of those surveyed espoused official ideology in its "more lenient" variation ("If exploitation can in fact manifest itself, then the system guarantees adequate protection of the workers from it"). Another one-third does not for the most part believe in the possibility of protection against exploitation (20 percent of respondents), but a small number believe in the possibility of workers campaigns--either collectively or individually--outside of existing institutions (1 in 10 respondents).

Professor Peter Jandrek, from the Department of Law at Ljubljana, posed this same question--within the framework of the "Class Existence..." study--in a rather different, less abstract way: "Which social groups in our society live off of others, exploiting others?" A majority of Slovenians surveyed indicated marginal (Gypsies, youth, foreigners, scholarship recipients, etc.) or deviant (black marketeers, thieves, swindlers) groups, but not privileged social strata (politicians, directors, specialists). Professor Jandrek views this as a sign of the preponderance of a conservative, repressive tradition in Slovenian political culture, as opposed to the weaker, Leftist, democratic tradition. Instead of class conflicts, the solution is found in institutions for the resocialization of parasites. Consequently, Professor Jandrek believes, the majority of the respondents see the way out of the present social crisis in disciplinary or reformist measures (44 and 17 percent, respectively), but not in radical changes in the system or in changes in incompetent leadership (13 percent).

The results of the study "Quality of Life in SR Slovenia" were presented by Vojko Antoncic, a researcher from the Institute for Sociology and Philosophy. In his words, the phenomenon of "quality of life" is just another way of saying "social inequities," with the distinction that the unit under consideration is the individual instead of the social group. A comparison is made of the objective quantity of resources that an individual has at his disposal for the fulfillment of three groups of basic needs that can be expressed in the three concepts TO HAVE, TO LIKE, TO BE. The goals of a socialist society are obvious with respect to the quality of life--it cannot be a society of impoverished, isolated, disaffected people. Regardless of proclaimed goals, however, the researchers discovered in reality a high concentration of resources in the hands of a powerful minority and, in contrast, a low concentration of resources in the hands of a powerless majority. On this [unintelligible word], sociologists wonder how it is that such a great discrepancy in the quality of life of the minority and the majority does not engender large-scale social conflict, but rather social disintegration. The theory put forth by the authors of this project is that the basic security of the people in a situation of full employment (we are talking about Slovenia here!) and of guaranteed employment is responsible for this. People always tend to forgo power and freedom for the sake of security. In this way, we are threatened by another danger: that we are setting up a society that will jeopardize its own stability.

"Patrons" and "Proteges"

Other researchers of social stratification found a similar indicator of the paradoxical social peace amidst great social differences. Each one had to add to this some sort of attempt to explain this unusual phenomenon. Professor Zupanov believes that what we have here is a specific "patron-like coalition" between the political elite and the physical workers. The "patron" offers existential security to the "protege," and in return the latter accepts the official, ideological interpretations of the crisis and does not question the legitimacy of the power and privileges of the elite.

Dr Siber believes that a certain role in this is clearly played by the concept--long since recognized by sociologists--of "the authority of the working class," while Professor Marija Bogdanovic from the Belgrade team on "Social Inequities..." finds that social peace is provided by a different type of coalition. Its participants are not genuine physical workers, unskilled and semi-skilled, but rather only the most well-trained part of the working class--the highly-skilled workers.

Naturally, sociologists are interested in social peace not only because they disagree on its logical prognosis, but primarily because of the price that has been paid for it. The general apathy that accompanies it changes into serious disturbances amidst rapid social development. This is why voices of warning were also heard at this gathering to the effect that the criteria for distinguishing between needed uniformity and detrimental uniformity must be specified.

Montesquieu Sought

In a certain sense, a contribution might be made to this goal by the thoughts of Dr Vladimir Goati (Belgrade "Social Inequities..." project) on the preoccupation of the socialist world with control over the main sources of economic inequities, accompanied by an almost total neglect of real political inequities. This is still more or less the effect of the mistakes made by the Third Internationale concerning political power as a by-product of economic power. The revolution led to a significant lessening of economic differences, but great political inequities remained, which results in a true "orgy of uncontrolled activity by political power-holders," as Dr Goati says. There has yet to emerge among the theorists of socialism a Montesquieu figure who would even raise the issue of the organization of political power--unless we consider the "dream about the withering away of the state, which has already been dreamed away and which no one seriously expects to be realized in the foreseeable future," Goati believes.

Dr Goati analyzed only one of the three main components of the social situation in the "Social Inequities..." project: the component of political power. In the results of this recent study, Goati found evidence of the hegemony of politocracy over technocracy in our society and a strong link between political power and the material position of the people. Since this was not accompanied by the dynamics of the lives of the subjects of the study, it is difficult to say what leads to what. Other sources indicate that, for example, the League of Communists is more open to members of the higher social

strata in the material and educational sense. On the other hand, however, an equal amount of evidence can be found confirming the acquisition of riches through usurpation of power, first on a small scale, and then to an ever greater extent.

The special nature of our political domain--compared to other socialist countries--lies in the fact that the division of power is not drawn between non-members and members of the party, but rather between "us" ordinary mortals on the one hand and "them" demi-gods on the other hand.

[Box, p 28]

"Mirror, Mirror"

"What would you call the class to which you belong?"--This was one of the questions asked in this year's study "Class Existence of Yugoslav Society." The preliminary results were commented on by a professor from the Department of Law at Ljubljana, Dr Peter Jandrek.

Almost all persons surveyed identified themselves with the working class in one sense or another ("direct producer," "working people," "proletariat," etc.). Only 5.7 percent used a label expressing some higher social status for their class designation ("intermediate stratum," "employee," etc.). In this way, the official ideology concerning a classless or monoclasse society is being adopted.

To a similar question--"To what stratum do you belong?"--in the study "Social Inequities in Our Society," the majority of respondents in Belgrade immediately answered, "the working stratum!" It comes as no surprise that this response was given by 74 percent of those who are in fact manual laborers, from unskilled to highly-skilled workers. However, this was also the answer of 57 percent of those who are in administrative positions in the state, in socio-political organizations or in the economy, with scant opportunity to return to their former jobs, even if they had been direct producers!

Only four administrators and two specialists accepted as their class designation "affluent" or "political bureaucracy." Professor Mihailo Popovic, who headed this study, believes that people do not want to accept their membership in an elite group because in our society these people are subject to a stigma of being unwelcome and deviant, which is strengthened even more in the confused atmosphere of the crisis.

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